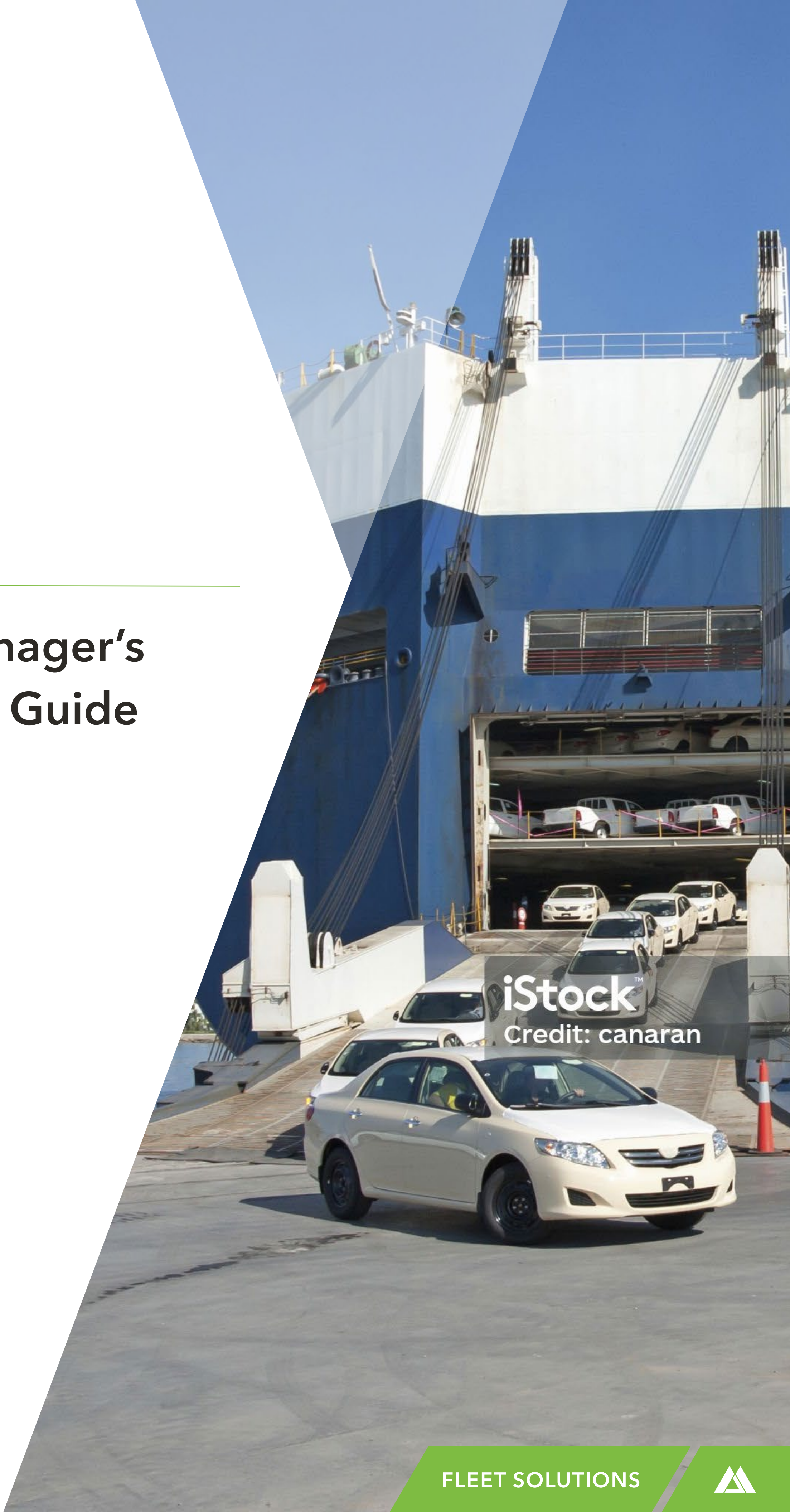
MIKE ALBERT

The Fleet Manager's Tariff Survival Guide



The tariff tangle

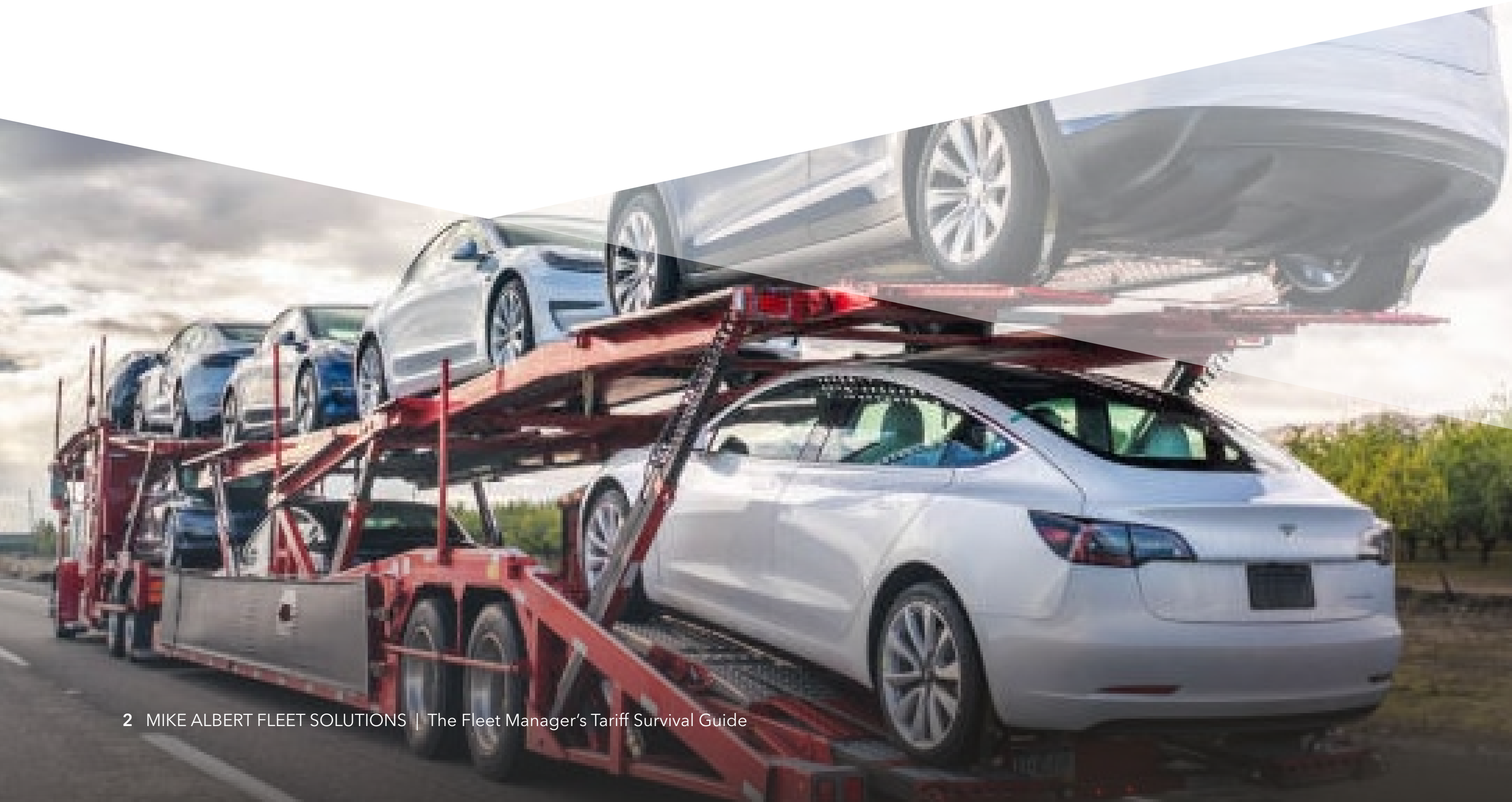
In an era of supply chain volatility and economic unpredictability, U.S. tariffs have emerged as a disruptive force in the fleet industry. Recent tariffs on imported vehicles and components are recasting the cost structure of fleet operations, forcing fleet managers to rethink long-standing practices from vehicle acquisition to upfitting specs. This isn't just about predicting and adjusting to higher costs—it's about fundamentally reshaping fleet strategy.

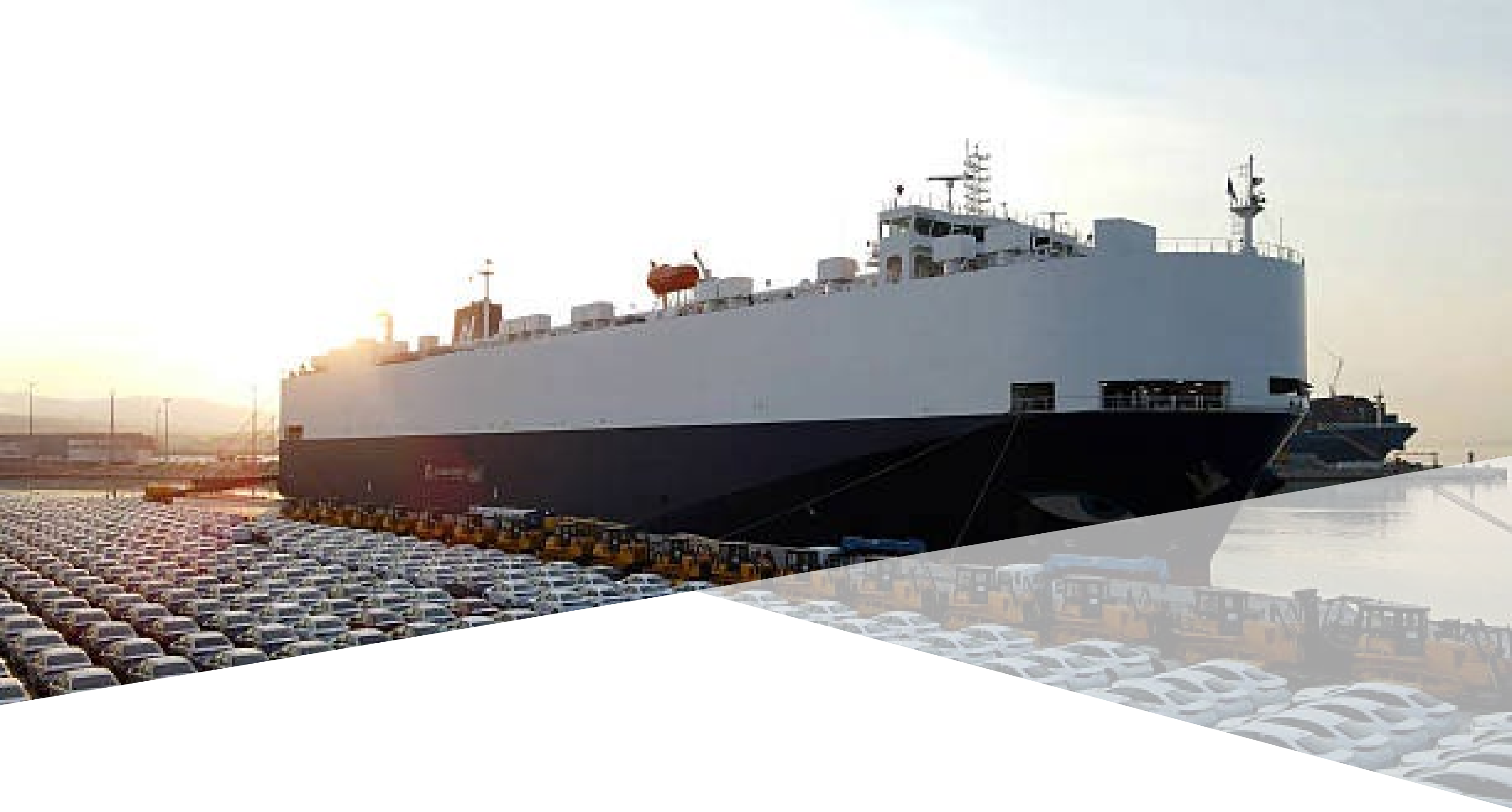
DID YOU KNOW?

Vehicles assembled outside the U.S. could see price hikes of $7,000 or more. Vehicles assembled in the USA could see increases as much as $3,000 or more, depending on the components' country of origin.

The bottom line

Fleet managers who act strategically now—focusing on operational efficiency, flexible procurement, and data-driven decisions—will be better protected no matter what the future brings. Those who wait risk being caught unprepared when market conditions shift again.





The current landscape: understanding the impact

Tariff reality check

The current tariff structure affects nearly every aspect of fleet operations:

- Up to 25% tariffs on imported passenger vehicles and light trucks. [1]
- **Cascading costs** throughout the automotive supply chain. “Tariffs' biggest impact will be on the automotive supply chain (i.e., tier 2 component to tier 1 assembly to OEM) based on economic pressures that the supply base continues to face post-2019,” says Jason Kraus, Vice President of Operations at Mike Albert Fleet Solutions.
- **Price volatility** that makes long-term planning challenging.
- **Drop in production:** According to S&P Global Mobility, vehicle production in 2025 is forecasted to drop by 4%. [2]
- **Supply constraints** affecting specific vehicle segments, most notably:
  - Cargo vans (demand still outpacing supply)
  - Full-size SUVs and hybrids (production slots remain tight)
  - Sub-compact and compact vehicles (assembled outside the U.S.)
- **Longer lead times:** While order-to-delivery (OTD) times are improving (15 weeks in 2025 vs. 18 in 2024), they remain above pre-pandemic norms, especially for specialty configurations. “It is to be determined if this can decrease further as supply chains and final assembly recalibrate,” says Kraus. [3]
- **Increased complexity** in procurement planning.
- **Greater dependency** on alternative vehicle solutions.

Four steps to take *now*

1 Avoid the "wait and see" trap

The Risk: Postponing necessary vehicle replacements can cost more in the long run.

Strategic Approach:

- Replace what must be replaced - Don't delay replacing safety-critical or high-maintenance vehicles.
- Consider what could be replaced - Evaluate vehicles approaching optimal cycling points.
- Track traditional metrics - "Pay attention to such data as total cost of ownership (TCO), the number of roadside repairs, vehicle proceeds, etc.," advises Kraus. "These are 'known knowns.' Too many fleet managers are fearful of not getting this 100% right, while missing the fact that they are likely 80–90% correct."

A Lesson from the Past: During the COVID pandemic, fleets that extended asset lifespans due to supply chain issues saw more frequent breakdowns and longer downtimes, which disrupted operations.

2 Maximize your telematics investment

The Opportunity: Kraus emphasizes the importance of telematics in these uncertain economic times. "Telematics is the undeniable path to better utilization of your fleet," he says. "Whether you're new to telematics or already using it, now is the time to maximize telematics' potential as a fast path to offsetting tariff-related cost increases."

Strategic Approach: Audit current telematics usage; are you utilizing all available functionality to maximize ROI?

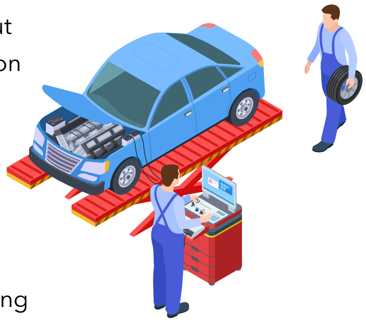
- Route optimization - Route optimization can reduce fuel costs by 15–20%. [4]
- Road- and cab-facing video systems - Improve safety metrics and liability protection.
- Predictive maintenance - Reduce costly breakdowns and extend vehicle life.

Realizing ROI: Telematics investments can quickly pay for themselves. Most fleets see improvements, often dramatic, against key metrics after full telematics implementation. For example, some fleets report a near 50% reduction in collisions. [5]

Recalculate total cost of ownership

The New TCO: The sum costs associated with acquiring, operating, and maintaining a vehicle or fleet over its lifespan—including the initial purchase price, depreciation and ongoing expenses like fuel, maintenance, and insurance—is a useful metric for building a fleet management strategy.

"As vehicles age, maintenance costs rise, especially with tariffs on parts," explains Kraus. "But TCO modeling tools can help with cost visibility and operational control. The next-generation data available through telematics offers new variables to consider when calculating your vehicles' TCO."



For example, the current industry standard of vehicle age and mileage, while helpful for predicting vehicle cycling, are insufficient. According to Kraus, additional data points—such as TCO, fuel use, and preventative maintenance adherence, to name a few—can help fleet managers reap financial, operational, and fleet efficiency benefits. "Thoroughly analyzing your fleet's data and applying it to determine whether, when and why you should cycle your vehicle will control costs in the long run," he explains.

3 Embrace procurement flexibility

The New Reality: In light of new economics, your preferred vehicle model may no longer offer the best TCO.

Strategic Approach:

- Reevaluate specifications - Consider alternative manufacturers, models, and trim packages.
- Negotiate price protection - Secure model year pricing in writing before placing factory orders.
- Diversify your fleet mix - Reduce dependency on specific vehicle types.

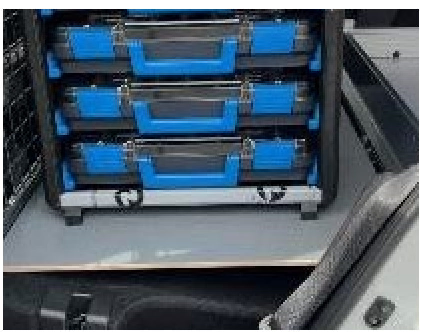
4 Get creative with upfits

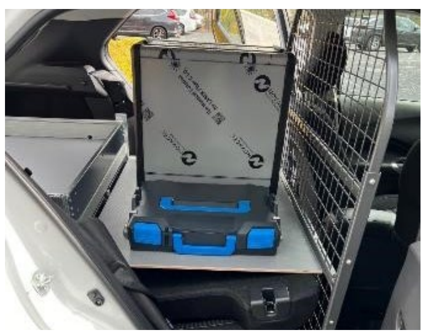
The Pivot: Alexa Rubin, Truck Upfit Manager at Mike Albert Fleet Solutions, notes that while some components—like wiring harnesses or injection-molded plastics—may still be subject to tariffs, upfitters that prioritize domestic sourcing are uniquely insulated from tariffs. Furthermore, upfits can turn unconventional vehicles into functional, productive fleet assets. “More than ever, there is so much choice in the industry—from the manufacturer of the upfit to the materials used to the configuration of the final package,” she says.

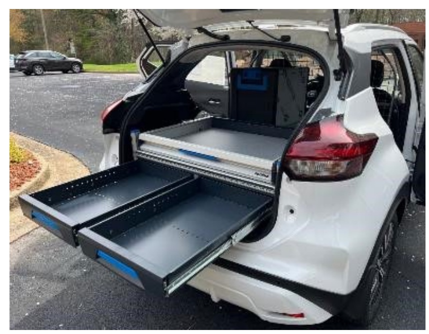
Strategic Approach:

- Explore atypical makes and models - Transform non-traditional vehicles into functional work vehicles.
- Work with domestic vendors - Avoid tariff exposure.
- Leverage a Fleet Management Company (FMC) - Collaborate on innovative, cost-effective upfit solutions.

Realizing ROI: Deck slides, modular storage systems and ergonomic upgrades can reduce the likelihood of job-related injuries and workers’ compensation claims.







> Fleets should invest in upfits as needed and as dictated by their business demands to support their revenue streams,” explains Rubin. “Delaying those purchases could affect a company’s ability to function properly within their business segment and ultimately damage their profitability in the long run.

Looking forward: building resilience in the long term

The Challenge: Balancing immediate needs with uncertain future costs.

Strategic Approach:

- Buy American - Vehicles with 85+ American-Made Index scores are largely insulated from tariffs.
- Invest in maintenance - Better maintenance enables higher mileage limits, extending vehicle lifecycles.
- Examine your fuel spend - Rising costs increase the importance of fuel-efficient vehicles.

Realizing ROI: Companies that implement preventive maintenance programs report up to a 20–30% increase in vehicle lifespan. [6]

"Amidst this uncertainty, moderating prices are driving better TCO in more vehicle segments and duty cycles," notes Kraus. "Reliability and durability always matter, as they increase both the driver's and fleet manager's trust and, with it, drive vehicle decision-making."

Financial planning and risk management

PLAN FOR VOLATILITY

The New Normal: Uncertainty will likely remain the "new normal" for some time. Embracing it will allow you to maximize control over your fleet.

Strategic Approach:

- Scenario modeling - Prepare budgets for multiple tariff scenarios.
- Cash flow management - Account for higher upfront costs and longer payback periods.
- Incentive tracking - Monitor manufacturer and government incentive programs.

ELECTRIFICATION CONSIDERATIONS

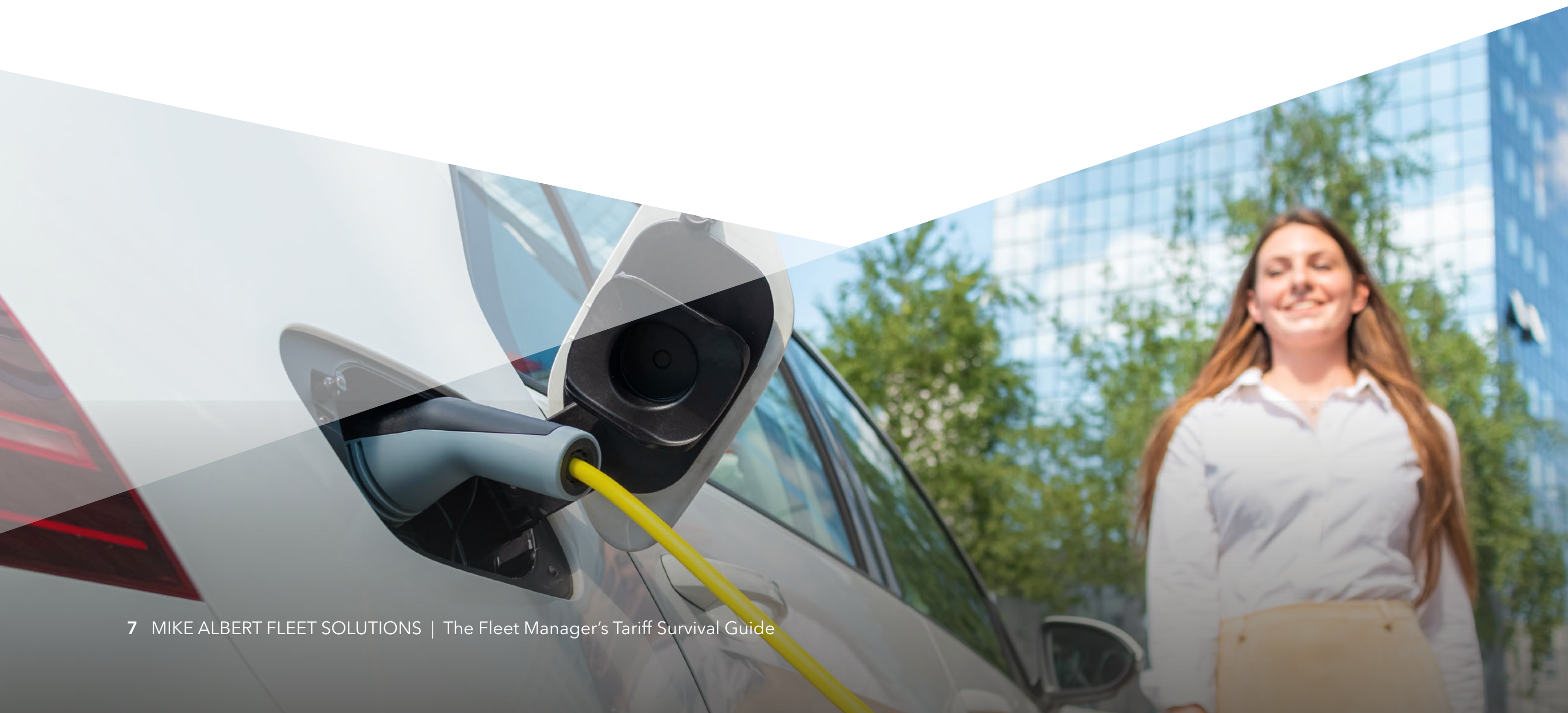
The Plot Twist: The tariff environment will likely accelerate alternative vehicle adoption.

Strategic Approach:

- Electric vehicle incentives - Federal and state programs can offset higher acquisition costs.
- Hybrid advantages - Examples like the 2025 Camry show a 56% improvement in fuel economy (32 MPG to 50 MPG).[9]
- Last-mile delivery EVs - Improved charging networks make electric vehicles viable for specific applications.

DID YOU KNOW?

- Over 70% of fleets are more likely to consider U.S.-made electric vehicles to manage tariff impacts and navigate supply chain concerns.[7]
- The EV market is holding steady at 9.1% market share in 2025, with fleets increasingly adopting hybrids as a transitional strategy.[8]
- To enhance the appeal of locally produced EVs, automakers are partnering with tech firms to develop advanced charging solutions, which includes wireless charging and smart battery management systems.



Industry relationships and partnerships

The Value of FMCs

The Pro Tip: An FMC becomes even more valuable during uncertain times. "FMCs not only help clients save costs by managing the total cost of ownership and cycle strategies, but when you work with an FMC, you also get access to the relationships they have cultivated with the OEMs and vendors," says Rubin. "Discounts, incentives, and the most up-to-date information on spec changes, price changes, and other industry disruptors are often learned through our vendor connections first, so we can help build a plan for our clients to react cost-effectively."

Strategic Approach:

- Volume purchasing power - Leverage collective buying strength.
- Market intelligence - Access to real-time pricing and availability data.
- Strategic guidance – On telematics, safety, and other critical matters such as vehicle acquisition, which, Kraus notes, "is as much about knowing when NOT to replace vehicles as when to replace them."

Peer Networks and Industry Groups

The Gut Check: "Building a peer advisory council of fleet managers to gut-check your scenario planning is always sage advice," says Kraus.

Strategic Approach: Network with purpose; connect and strategize with other fleet managers through:

- AFLA (Automotive Fleet & Leasing Association)
- NAFA (National Association of Fleet Administrators)
- ATA TMC (American Trucking Associations' Technology & Maintenance Council)
- Industry-specific groups - NPMA (National Pest Management Association), NWRA (National Waste & Recycling Association), and many others

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Turning uncertainty into opportunity

The current tariff environment presents challenges, but also opportunities for fleet managers who act strategically. Instead of viewing tariffs as a temporary obstacle to weather, smart fleet managers will use this disruption as a catalyst for operational excellence, efficiency gains, and strategic relationships that will provide competitive advantages long after tariff policies change again.

The most successful fleets will be those that:

1. Optimize current operations through telematics and process improvements.

2. Maintain procurement flexibility while building strategic vendor relationships.

3. Focus on total cost of ownership rather than just acquisition costs.

4. Build resilient supply chains through diversification and partnership.

REMEMBER

Fleet management has always been about optimization under constraints. The constraints have changed, yes, but the fundamental principles remain: maximize utilization and minimize costs without forgoing safety or customer service.

Want to ensure your fleet is prepared for tariffs and supply chain volatility?

Contact an expert at Mike Albert Fleet Solutions today.

This guide represents current market conditions as of June 2025. Given the rapidly evolving nature of trade policy and automotive markets, fleet managers should regularly update their strategies and seek current information from industry sources and professional advisors.

MIKE ALBERT

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