



MIKE ALBERT

FLEET MANAGER'S GUIDE

Best Practices for Vehicle Acquisition

FLEET SOLUTIONS

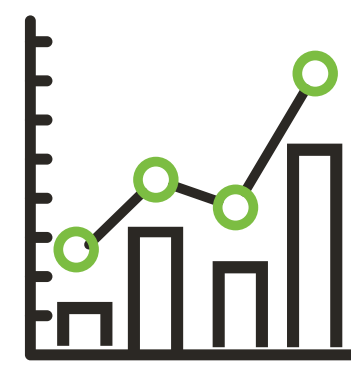


Vehicle acquisition is a critical element of fleet management that helps keep a fleet running safely, efficiently, and cost-effectively. We've broken down the nuances of vehicle acquisition to help you prepare your budget and educate your stakeholders to keep your fleet moving forward.

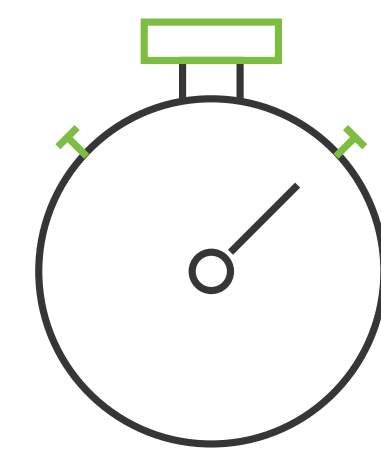
In this eBook, we will cover:



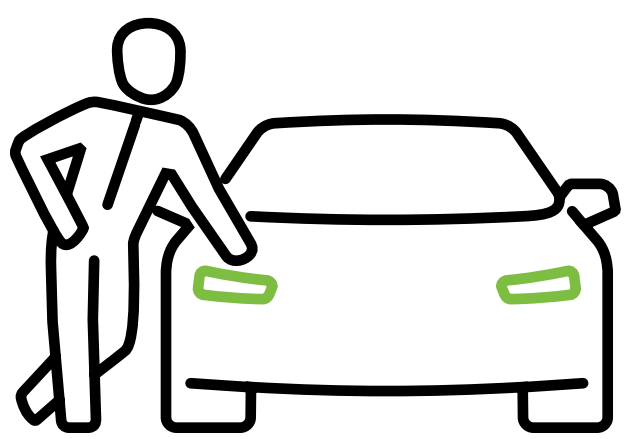
Life cycle planning/
replacement strategy



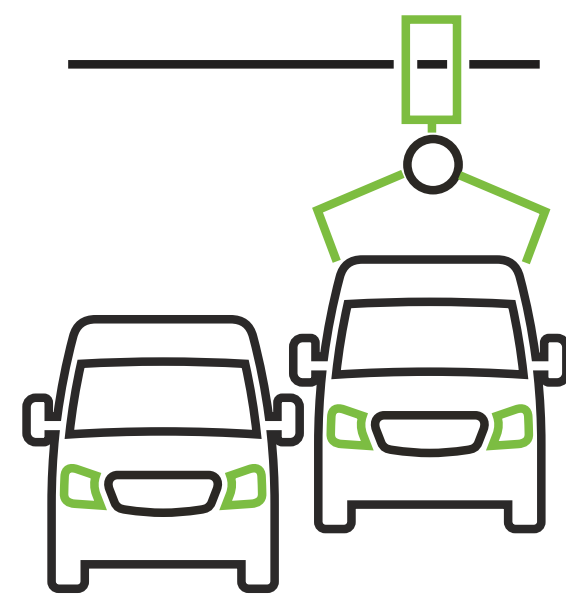
Budgeting and
key data points



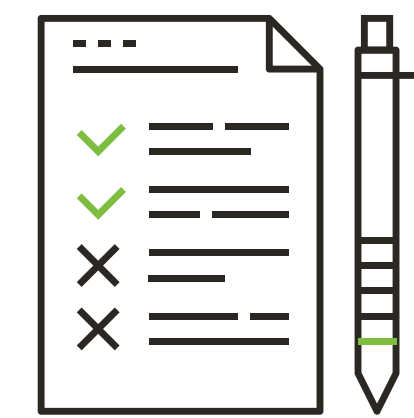
Timeline
development



Vehicle selection



Vehicle ordering



And more, including
our exclusive order-
to-delivery checklist



Plan to cycle at least 20% of your fleet vehicles every year.

For most fleets, it's best to create a rolling acquisition plan in which an acquired vehicle is cycled out after three to five years. This way, you're never replacing your entire fleet in one year and, instead, leveling your spend on a year-to-year basis. This approach lets you get into a more manageable rhythm with your acquisitions. "Don't replace, say, 150 units in one year if you're not going to be able to accommodate that budget five years down the road," says Christina Hartzler, Client Partnership Manager - National at Mike Albert Fleet Solutions.



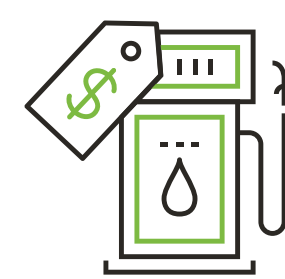
LIFE CYCLE TIP

Anticipate a 10-15% increase in the cost to replace a vehicle with a similar model at the end of its five-year life cycle. Remember that some vehicle models may no longer be available, impacting your future budget further.

The Acquisition Formula



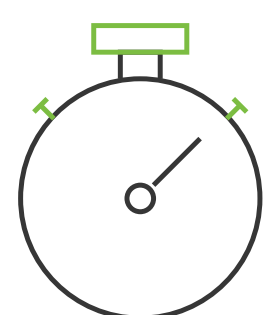
1. How much revenue does the vehicle generate monthly?



2. What are the anticipated downtime, fuel, repair/preventive maintenance costs?

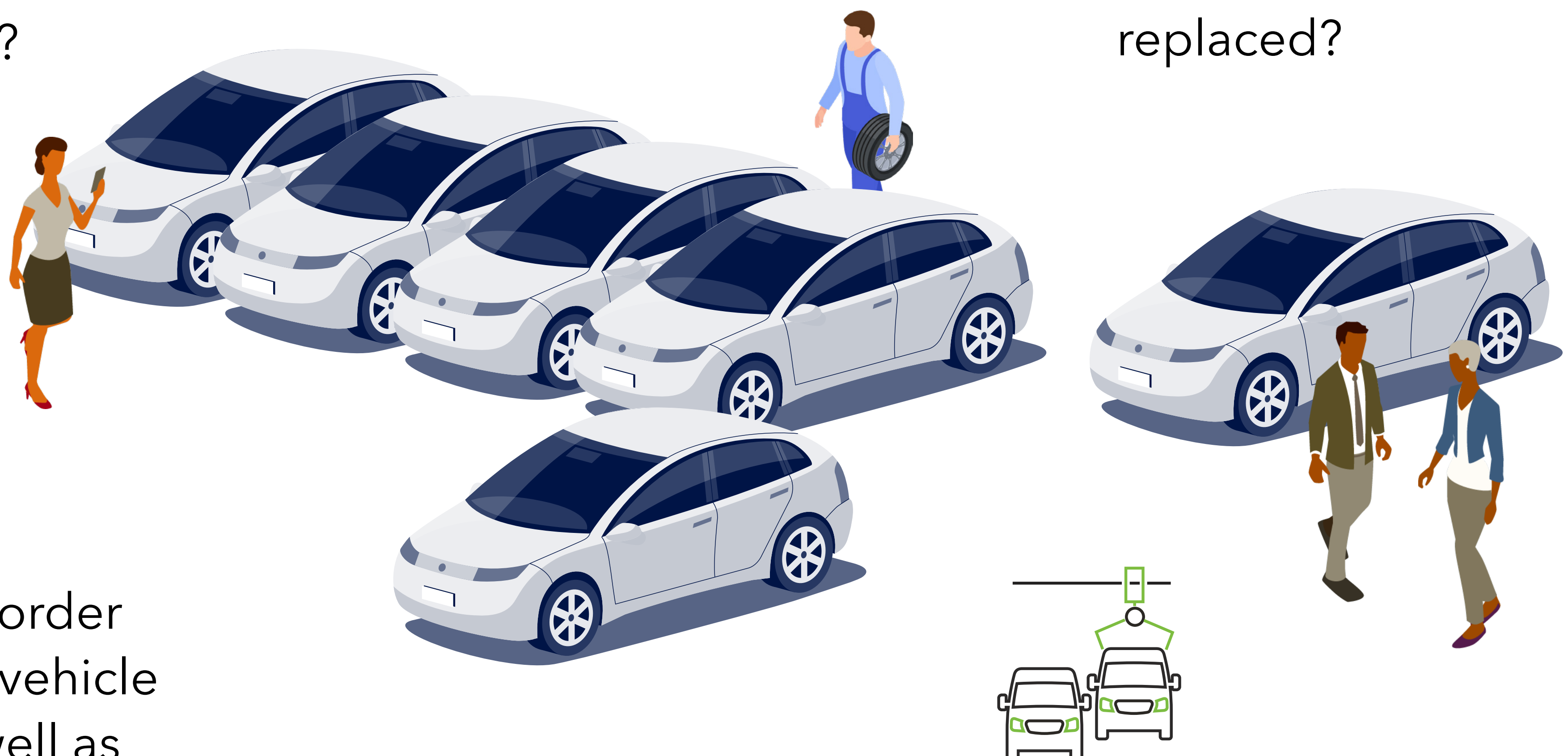


3. Accounting for those costs, when will that vehicle need to be replaced?



5. Accounting for order to delivery and vehicle availability, as well as upfit time, when should the replacement be ordered?

4. Should the vehicle be replaced with a similar model or something different to account for changes in job descriptions or updated corporate goals?



Align your acquisition strategy to corporate goals.

“When building your fleet acquisition strategy, you need to make sure that, as the fleet manager, you’re not an island unto yourself,” says Jason Kraus, VP, Operations, at Mike Albert. “You have to consider your plan within the larger framework of what your company is up to.”

Ask your stakeholders these questions before vehicle ordering:

- What are your company’s most pressing strategic pursuits?
- Are you getting into new businesses?
- Are you growing into new territories?
- Might those territories be environmentally harsher on your vehicles (i.e., topography)?
- Do new job descriptions call for different vehicles or upfits?

The answers could argue for an increased budget and a larger fleet. “This is why it’s important to create metrics that help you and your colleagues better understand the cost of the fleet as a percentage of total goods or services sold,” says Kraus. “These metrics can help shed light on the likely ROI if you expand your fleet or invest in pricier vehicles or upfits.”

▶ ACQUISITION SUCCESS STORY: IMPACT FIRE

Impact Fire, a national supplier and service provider in the fire prevention and protection industry, has expanded into seven new states through acquisition. They’ve added 200 vehicles yearly in the past three, with open-end leases growing to over 1,000 units nationwide. Mike Albert reviewed and modified Impact Fire’s acquisition parameters based on their growth, credit history, and other business goals and submitted an RFI to OEMs asking for pricing, which resulted in meaningfully lower costs. Mike Albert helps Impact Fire stay atop vehicle acquisition through monthly meetings, maintenance and other data reviews, as well as attending industry shows together to review upcoming OEM offerings.



Life Cycle Planning

Use data-based assessments to identify unhealthy* units

One could decide which vehicles to replace by focusing solely on their age and mileage or engine hours. While these are two critical data points to consider, it's not the whole picture and could lead to less-than-ideal decisions. "You also want to consider maintenance and fuel costs," says Hartzler. "There will be some vehicles with relatively high mileage but still performing well from a fuel and maintenance perspective, just as there will be some with relatively low miles costing way more than makes sense on fuel and maintenance."

There are other factors to consider. "For example," says Kraus, "the amount of money the vehicle will likely bring at auction. Plus, there's the overall look of the aged vehicle since it reflects your brand." He also notes that vehicles with expensive upfits may make more sense to keep in service longer.

In short, you're looking to cycle out a vehicle at the point when—because of repairs, maintenance, fuel spend, and downtime—it's no longer generating the revenue your company has established as a goal.

* A vehicle whose value is, or at risk of becoming, lower than the cost to operate it.

Red, Yellow, Green Assessment

At Mike Albert, our vehicle replacement analysis taps into our propriety data set and benchmarks, such as:

- Highest Mileage
- Average Mileage
- Annual Maintenance
- Life to Date Maintenance
- Age
- Life to Date Mileage
- Make/Model
- Job Use Implications (e.g., bucket truck idling vs service truck idling)

Based on this data, we then label every vehicle red (to be replaced ASAP), yellow (replacement likely needed in the next year or two), and green (three or more years away from replacement). This provides a visually driven overall health assessment of your fleet.

Technology Management, Inc.			Mileage Analysis
Year	Make	Model	
2014	Ford	Explorer	Replace 0-12 Months
2019	Ford	Transit	Replace Periodically
2016	Ford	F-150 SD	Replace 0-12 Months
2017	Ford	Escape	Replace 13-24 Months
2014	Ford	Explorer	Replace 0-12 Months
2019	Ford	Transit	Replace Pr

Replacement Strategy: Revisit vehicle specs and equipment requirements.

Odds are the vehicle type that's been serving your company and drivers well thus far will continue to do so in the future. But it's worth pausing to ask whether or not a different vehicle would be, all things considered, more efficient and safe. A lot can happen in the three-to-five-year window since you previously ordered a particular vehicle.

So, ask such questions as:

- Have there been changes in your business or the driver's job description? Do these changes suggest a different unit would now be preferred?
- Are there similar vehicles now available that are more fuel-efficient?
- Have the maintenance costs been in line with expectations and industry standards?
- Are your load and cargo requirements still the same?
- Does the vehicle offer the right onboard safety features and telematics?
- Is the vehicle's environmental impact in line with corporate goals?
- Is the vehicle best suited to your delivery requirements (unloading zones, passenger-side access, cargo access, onboard equipment, etc)?

"Additionally, a key question is: How can we make the experience ergonomically better for those whose office is that vehicle," says Kraus. "For instance, have there been back injuries due to the upfit, and is it time to find another solution? One of our clients realized they didn't need the high-end upfit they had relied on because they changed their business operations. So, we've identified a different upfit that will reduce their cost and cut their upfit time."

Know what's in and what's coming to market.

To make the most informed choice about what vehicle to acquire, you must know what's in-market and, crucially, what's coming to market. Reviewing the OEMs' published production calendars is an excellent place to start. Just keep in mind that those change frequently.

"It used to be that you placed all your orders in the February and March timeframe, and you'd be wrapped up by May or the beginning of June," says Hartzler. "But now ordering has become a year-long process, so you have to get ahead of the ball to keep up with these manufacturers' builds."

This is another area where a relationship with a fleet management company like Mike Albert can have a significant impact. Some have long-term partnerships with OEMs that can help keep you apprised of new and coming offerings that may be better suited to your needs than currently available.



For additional insights into the vehicle market, check out the content on mikealbert.com.

Pay attention to regulatory changes.

Regulatory changes could mean you must choose a different replacement vehicle to comply. These regulations come from federal, as well as state sources, such as California's Air Resource Board (CARB).

Future regulatory changes also impact the current market. "For example, the EPA previously issued updated diesel emissions regulations effective January 2027," says Kraus. "Many people will be pre-buying the current model because they want the version and cost they're familiar with. This also requires monitoring changes with federal and state government administration changes yourself, or working with a fleet management company like Mike Albert to advise you if/when changes occur that impact your business directly."

Keep an eye on the supply chain.

The supply chain was seriously derailed during COVID-19, resulting in unreliable and fluid production calendars and less-than-stellar availability. However, the supply chain and OEMs have rebounded and are closer to the pre-COVID normal.

“As we’ve talked to more and more fleet managers, most still can’t believe that conditions are almost normal,” says Kraus. “So, they’re sometimes in disbelief when we say, ‘for what you’re looking for, you can order as many as you want.’” Failing to adopt a post-COVID mindset could mean missed opportunities.

That said, one should still monitor the supply chain as disruptions of one sort or another still occur. “It all depends on what’s going on in the world,” says Hartzler. “Are resources like steel, computer chips, or seat cushions in low supply? Something will always be going on in the grand scheme of things.”

When it comes to EVs, look at the big picture.

If you’re considering acquiring electric vehicles for the first time, ponder more than the vehicle itself. Consider whether charging will happen at your fleet depot—and, if so, what infrastructure you’ll need to support your EVs—or if drivers will charge at home. If the latter, who pays for the installation and how will drivers be compensated for their additional electricity spend? What if a driver doesn’t own his home or lives in an apartment and can’t install a charger?

As for range issues, data can be a big help here. “Telematics data can shed light on a driver’s average daily range and how that compares to the range of the vehicle under consideration,” says Kraus. “You can also look at the driver’s average speed. If one is driving on the freeway and going 70 miles per hour, you’re not going to get as much range as if that person was driving 35 miles per hour on average.”

Build a 12 month plan despite the current Order to Delivery (OTD) around 4.5 months for vehicles.

Knowing which vehicles need to be replaced is only part of the acquisition story. You also need to identify and secure the replacement vehicle. This process can take up to 12 months, so you must identify your acquisition needs about a year in advance.

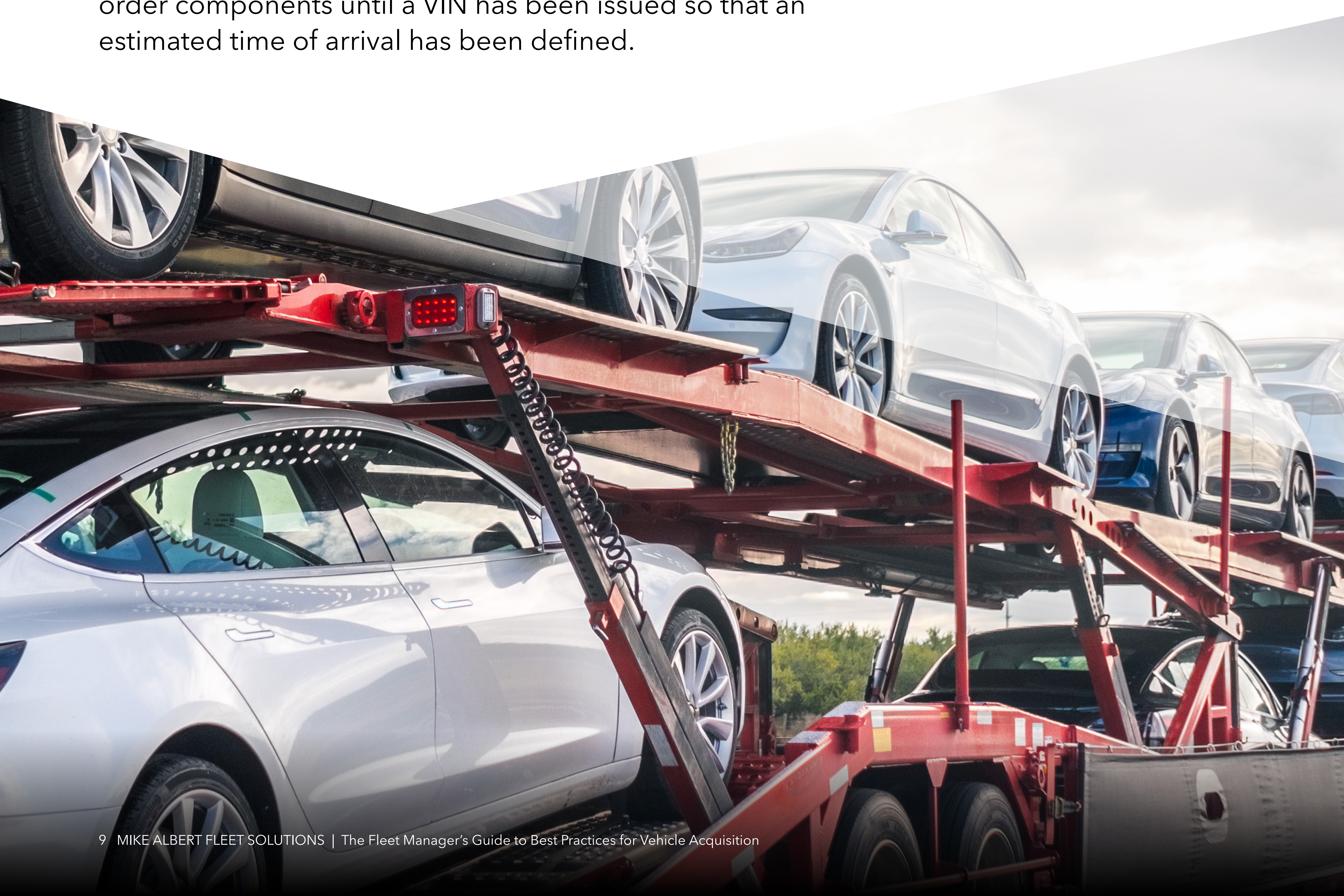
“This is where data plays such an essential role,” says Kraus. “You can look back on mileage, fuel, and maintenance trends to project when that vehicle will hit certain key milestones suggesting it will be a candidate for replacement.”

There are two critical timelines to consider: when the vehicle will be delivered and when the upfit, if needed, will be complete. Duration of upfit depends on the complexity, but on average we are seeing one to two months for upfit completion. Keep in mind that many upfitters still will not order components until a VIN has been issued so that an estimated time of arrival has been defined.



DID YOU KNOW?

When your drivers have some input into the specific vehicle choice, a customized, digital vehicle selector tool is an effective and efficient way to share options—such as models, colors, etc.—that fit within your pre-established parameters.



Choose factory ordering.

In almost all cases, factory-ordering vehicles rather than relying on dealer stock or bailment pools is the most cost-effective option. Yes, it takes longer, but the cost savings typically more than makeup for that.

“Many fleets don’t understand that it’s not that hard to get set up with a fleet code with different OEMs so you can place factory orders,” says Hartzler. “Buying directly from dealers is usually not the best way to stretch your dollar.”

What about those instances when, for example, an accident requires you to secure a replacement vehicle immediately? In these cases, leaning on a dealership is typically the only option. However, securing a vehicle from the nearest dealership may not be the most cost-effective.

“We had a case recently when a client wanted to secure a vehicle from a dealer down the street,” says Hartzler. “But our team identified a dealer one state over where the vehicle was \$10,000 less, a big savings even when you factor in the delivery fee.” Hartzler explains that Mike Albert leverages the entire volume of its transactions to secure best-in-class pricing, offering better rates than relying on a single client’s volume. Plus, it evaluates dealers across 18 points, including deal structure, inventory availability, and upfit capabilities.

▶ ACQUISITION SUCCESS STORY: THE FIX-IT GROUP

Mike Albert’s client, **Fix-It Group**, has been experiencing record growth, adding locations in multiple states and 300 vehicles annually. Rapid growth presents challenges regarding vehicle acquisition, DMV compliance, toll management, maintenance schedules, etc. In 2023, Fix-It Group challenged Mike Albert to help meet their growth demands and ensure cost control by utilizing a vehicle locate strategy through our dealership network. While factory orders always provide the lowest price, Mike Albert’s Dealer Purchasing team acquired all the necessary vehicles at a competitive price.



Order-to-delivery checklist

Mike Albert's Carly Prather, Director, Vehicle Coordination & Delivery, created this checklist regarding critical elements of the order-to-delivery phase. She notes that it's imperative to identify someone to monitor the process from start to finish as timelines are, by their nature, fluid and subject to change.

- ❑ What is the initial delivery date ETA?
- ❑ Do you know where to access ETA updates for vehicle orders?
- ❑ How will updates to the timeline be communicated to all concerned parties (fleet manager, driver, etc.)?
- ❑ What's your plan if delivery is delayed? Have backup options been identified?
- ❑ Where is the vehicle going to be picked up or delivered? Most units will be sent to a Delivering Dealer, but depending on upfitter and/or driver location, it may be delivered.
- ❑ Who will pick up or serve as the delivery contact for the vehicle?
- ❑ Have they been instructed to do a thorough walkaround before accepting delivery? (The walk-around should include the vehicle's condition and verification of equipment and/or graphics.)
- ❑ Are they aware that they will likely have to sign a delivery receipt?
- ❑ Have they been notified that the vehicle will likely only have 1/4 a tank of fuel?
- ❑ Who's receiving the new vehicle-ready notice? If not the driver, who will notify them?
- ❑ Is the vehicle's insurance up to date, and does the person accepting the vehicle have a current insurance card in their possession?
- ❑ Is the person picking up the vehicle aware of registration procedures?
- ❑ Are you transferring plates from a returning lease vehicle or getting new ones? If transferring, plates may need to be removed from the returning unit and kept until new registration is received.
- ❑ Are regulatory inspections required, given the vehicle's weight and location?
- ❑ If a unit is being turned in at the time of new vehicle pickup, who will prep and clean the vehicle being returned?
- ❑ Who will provide the driver instructions regarding fuel cards, licensing, and other relevant details?



Who are we?

Mike Albert made our initial mark on the fleet industry in 1957 when we became one of the very first companies to lease vehicles to fleets. Today, our in-depth fleet knowledge and experience has positioned us to compete on a national level as a top ten fleet management company, with 25,000 vehicles under contract across the US and parts of Canada and Puerto Rico.

At Mike Albert Fleet Solutions, custom data analysis, vast first-hand knowledge, and unmatched personal service unite to create something truly exceptional. Fleet Science® guides us, our proprietary approach that combines data with “aha!” insights that meaningfully improve overall fleet performance. Our dedicated Client Partnership Managers (CPMs) provide concierge-level service that’s unmatched in the industry. You can think of them as the “people behind the data.” Exceptional fleet management is, indeed, a rare thing.

We value the confidence Mike Albert placed in our business and leadership. The investment and support from the onset of our partnership is noted as one of the key components in our turnaround.

- Mike Bogan, CEO LandCare
Land Management Industry

Ready to move your fleet forward? [Book a meeting](#)