



MIKE ALBERT

An Expert Guide to Reducing Fleet Maintenance Costs



It's 9:45 a.m. on Wednesday, and one of your drivers calls, saying his vehicle has been making a loud, squealing noise recently—and now he's on the side of the road awaiting a tow truck.

Ninety minutes later, he calls again with news that the technician at your go-to maintenance shop is fully booked, but promises to squeeze in your vehicle; however, as the hours tick by, it's not looked at until 3 p.m.

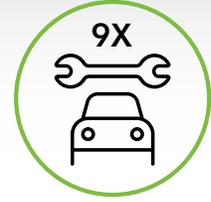
By 4 p.m., the verdict is in. A damaged alternator. \$1,000 total for the tow truck and repair, not to mention an entire day of deliveries postponed while your driver sat at the shop. The cause—a busted drive belt. What's worse? You have a full day of appointments tomorrow for your HVAC service, and there's no way you can get the jobs done without this vehicle. What choice do you have?

In reality, many parts of this situation could have been avoided. Had the driver alerted you to the squealing noise when it started, the damaged drive belt could have been fixed for \$90 when the oil was changed with other scheduled preventive maintenance—preventing damage to the alternator. You may console yourself by thinking of this pricey repair as an “investment” in the vehicle's future. But the truth is, fixing the alternator and drive belt won't necessarily guarantee that the vehicle will run longer.

When you stay on top of fleet maintenance, your fleet operations run smoothly, your drivers are happier, and you can control vehicle maintenance costs. Incorporating a managed maintenance program into your operations is key; the right program ensures your company's vehicles are taken care of in a timely and appropriate manner. Even better, a program powered by software and telematics not only mitigates mechanical issues, but also maximizes efficiency and improves driver safety. Best-in-class managed maintenance programs are a part of all successful fleet operations.

DID YOU KNOW?

Unplanned maintenance can cost **three to nine times** more than scheduled maintenance, which means that postponing that \$75 oil change can lead to a \$7K engine problem.



Prioritize preventative maintenance.

A recent survey from UTires found that delayed maintenance can cost the average U.S. car owner \$1,193 over the vehicle's life span—so the “don't fix it if it ain't broke” mindset is ultimately dangerous and expensive. Unplanned maintenance can cost three to nine times more than scheduled maintenance, which means that postponing that \$75 oil change can lead to a \$7K engine problem. Preventive maintenance, or compliance with preventive maintenance schedules, saves your vehicle from wear and tear and money over time.

However, not only is money lost with repairs, but valuable time is also lost (and we all know time is money). When you have a collision, an engine failure, or another vehicle issue, your driver will spend hours on the side of the road or tied up in the shop waiting on a repair. On top of that, your vehicle might be out of commission for days or weeks while waiting for a pricey fix...and if you have an important job coming up, money for an emergency rental vehicle comes directly from your profits.

Stay up to date on the needs of your make & model.

Do you know how many vehicles in your fleet can actually wait until they reach 10K miles before needing a motor oil change? Or which vehicles will need a transmission fluid change far sooner than 100K miles to avoid catastrophes? Knowing what your unique models and engine types need can be the difference between going in for scheduled preventive maintenance (PM) versus dealing with a full engine or transmission breakdown.

Understanding your vehicle can also keep mechanics from upselling you on maintenance costs. Nine out of ten drivers have been overcharged at an auto repair shop, and more than half say they've paid for a service they didn't need. The labor rates you're charged, along with the price of parts, should always fall in line with industry benchmarks. That takes additional knowledge, time, and research. When truly understanding the intricacies of each of your fleet vehicles, you're ensuring the proper maintenance decisions are being made.

Prepare for a technician shortage.

How it started

Technicians today must keep up with rapidly advancing technology—like Advanced Driver Assistance Systems, including automatic parking, lane centering and blind spot detection—that their predecessors didn't. That's led to a massive shortage of talent. Only 28,866 automotive technicians graduated in 2021, a concerning 11.8% drop from 2020's graduates. MarketWatch also reports the auto industry will need 100,000 new technicians every year through 2026 to keep up with demand and to replace retirees—and with the downward slide in new employees, it's unlikely to happen.

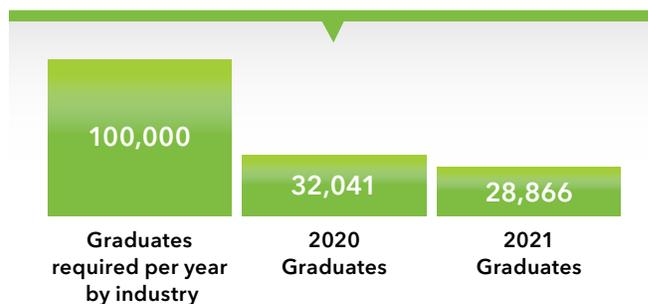
There's a gap between this technology and the technicians' education, as well as a gap between the supply and demand of technicians entering the trade. Technicians simply can't learn the technology quickly enough, and there's a skilled labor shortage. The high demand for auto service, and the extra time needed to spend on new and complicated technology, translates to rising costs.

What to look for in a technician

You may like the mom-and-pop shop down the road, but that doesn't necessarily mean they're up to date on how to reprogram your vehicle after the mirror is replaced and can ensure the blind spot technology is still compliant.

When turning to a maintenance management program managed by ASE-certified technicians, you know you're working with a pre-negotiated, authorized network with the expertise to make the right call, first. Ideally, your point of contact is a former technician who still has all the practical experience but transitioned to a desk job that's easier on the knees. (Think of them as a former NFL player turned coach.) They not only have data on hand, but they also have firsthand experience with repairs and ensure your technician is giving you a fair price. Since they have to take a test to renew certification every two years on updated technology standards, you can be confident with their knowledge.

Automotive Technician Graduates





EVs—truly lower costs?

Some companies have begun to add electric vehicles to their fleets to lower their carbon footprint and cut fuel and maintenance costs. Since EVs have fewer moving parts than internal combustion engine vehicles, there is a lower chance of a vehicle being out of commission due to a broken part, and EV owners don't have to worry about oil changes or belt replacements. EVs also utilize regenerative braking, meaning brakes have to be replaced less frequently. A survey from Consumer Reports found that EV drivers will save an average of \$4,600 in repair costs over the vehicle's life.

EVs aren't entirely free from maintenance needs, however. Wearable parts still need to be replaced regularly (think headlights and air filters), and tires need to be checked more frequently due to heavier vehicle weights. The biggest investment, though, is the lithium-ion battery, which will need to be replaced due to battery degradation. The U.S. Department of Energy estimates that the cost to replace an EV battery is \$153 per kilowatt-hour (kWh). Most batteries fall between 40 to 80-kWh—meaning when replacement time comes, you're looking at a couple thousand dollars per EV.

Ultimately, it's up to you to decide whether an EV is worth adding to your fleet or not. It's entirely possible that as battery technology evolves and EVs become more commonplace, maintenance costs will shrink even further. By understanding what goes into the maintenance of an EV versus an ICE vehicle, you can determine what's right for your company.

How maintenance data can help.

Maintenance data to the rescue

With so many other things to juggle, many companies with fleets don't have the time, resources or infrastructure to track fleet data. In many cases, office managers keep (often meaningless) data in a spreadsheet they rarely make changes to; in others, data tracking simply doesn't exist.

But if you have an expert to help start tracking data, you'd see just how valuable the numbers can be to your bottom line. Expert data capture, storage and analysis can inform benchmarking and offer a better idea of your vehicles' life cycles. Also, you can interpret that data into actionable insights, saving money, including:

- **When to cycle out your vehicle** – trained fleet experts can use maintenance data to better develop cycle strategies. For example – data experts can see that one fleet's cargo vans regularly start incurring major repairs at 150,000 miles. Instead of racking up bills with costly and inevitable fixes, a data expert can recommend cycling out these vehicles before they reach a certain mileage.
- **How much you're spending on a Cost Per Unit (CPU) and Cost Per Mile (CPM) Basis** – tracking key metrics will help you better understand what vehicles work best for your company financially. When you have numbers to compare one vehicle's MPG and total CPM to another, you can make better business decisions about what vehicles will cut your fuel costs.

The average Joe who saved thousands with maintenance data

Maintenance data is not reserved only for fleets of 100+ vehicles. Small fleets can also save thousands when making maintenance data a priority. Here are a few examples of who maintenance data can help:



Chuck

ROLE: Operations Manager for a beer distributor

FLEET: 78 vehicles of multiple varieties, including Ford Transits, used by his field reps to visit clients in his 3-county territory.

THE ISSUE: His Transits are old and are constantly breaking down, losing air conditioning or having engine failures. His drivers are exasperated with the constant shop visits. His company has spent over \$7,000 a month on repairs and downtime, which he assumed was inevitable.

THE SOLUTION: After delaying for too long, Chuck ran a mileage analysis on all his vehicles, finding that the 2014 models were costing the most by a landslide. He opted to cycle out all his 2014 models for better-performing, newer ones. He now spends far less money each month on repairs and downtime, and his drivers are glad they can leave the shop and return to the road.

THE RESULT
Save on repairs, cut downtime



Janet

ROLE: Chief Financial Officer for a lawn care maintenance company

FLEET: 300 vehicles, primarily upfitted trucks and vans

THE ISSUE: While she used to track data on an Excel spreadsheet, eventually bigger issues came into play, and she let data fall by the wayside completely. For months, the fleet had no regular method for data tracking. They didn't separate the costs of maintenance or track how much money was lost.

THE SOLUTION: After paying a particularly pricey invoice, Janet decided it was time to start outsourcing maintenance data tracking (on something a little more high tech than an Excel spreadsheet). By pulling her data into an easy-to-read dashboard, they found the company was wasting thousands of dollars on repairs and maintenance. They decided to cycle out 70 underperforming vehicles for newer models. After that, their expenses decreased exponentially.

THE RESULT
More efficiency, lower costs



Steve

ROLE: Director of Operations for a medical device delivery company

FLEET: 1,800 vehicles of all varieties, upfitted specifically for equipment to send to surgery centers and hospitals

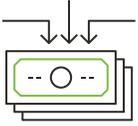
THE ISSUE: Steve outsources his fleet management to a company, but they operated on guesswork instead of hard data. With so many vehicles to manage, he was tired of spending skyrocketing amounts of money on maintenance, especially when he was paying a company to make better decisions for him. He decided to outsource to a company with a better plan for their maintenance data.

THE SOLUTION: The new company pulled in data the other company didn't, including driver downtime. The result? The amount of improper driver downtime was far too high. He was then able to rightsize the fleet. That company now operates with a highly predictable repair budgeting schedule and has saved far more this year than last year.

THE RESULT
Predictable, cost-effective budget

Pro Tips:

How to save money with a managed maintenance program



CONSOLIDATE YOUR BILLING.

On average, it costs companies about \$25 to pay an invoice. So when you consolidate your billing to only pay one invoice a month instead of hundreds of invoices each month coming from multiple vendors, you can save thousands per month in soft administration costs alone.



TURN TO TECH FOR PREVENTATIVE MAINTENANCE UPDATES.

Data analytics platforms can do a number of things, including:

- Monitor mechanical vehicle health
- Track when, where and how vehicles are driven
- Organize data insights into a user-friendly dashboard



TRACK WHAT YOU SAVE.

When you outsource maintenance management, the experts should treat your money as if it is their own. That's how you know they're truly looking out for the best prices for your company. See how much money you can save with a free fleet consultation.

Ready to move your fleet forward? Contact us on mikealbert.com.

