Getting the Big Picture in Small Fleet Management

How telematics data is saving small businesses thousands.

GEOTAB

management by measurement

When a fleet isn't properly managed, a small business can easily get overwhelmed by out-of-control costs, from maintenance and insurance to accident recovery. So how much do you actually know about your company's vehicles? Do you know how much maintenance is costing you annually? Do you really know which employees are increasing company risks with poor driving behavior?

There's a lot to know when it comes to your company's vehicles. But small businesses face the challenge of needing to keep overhead low, in which the fleet manager might also be the facilities manager or office manager. Or maybe it's the business owner, who's dealing with virtually everything, every day. But just because you don't have thousands or even hundreds of vehicles to manage, that doesn't mean that getting the most data for your fleet won't help your bottom line.

To get that data, fleets use GPS and telematics. However, smaller companies are less likely to use it or use it to its full advantage. For example, fleets looking to use just GPS have an average of seven vehicles, according to a survey on Geotab customers. If fleets are looking for data on safety or fuel, that goes up to 24 vehicles. If they're looking to track both, that goes up to 41.

But the reality is that no matter how small your fleet, you're entitled to that data. And you might be surprised to know that the cost of the services compared to the cost savings you will ultimately find through telematics, from decreased fuel consumption to lower maintenance costs, your return on investment will not be that far away.

In this whitepaper, we take a look at several small fleets using Geotab telematics — hitting on a range of benefits for the small business owner.

Who Uses GPS and Telematics?

Fleets using GPS only =
average of 7 vehicles

Fleets using safety or fuel telematics data =
average of 24 vehicles

Fleets using safety *and* fuel telematics data =
average of 41 vehicles

Data credit: Survey on Geotab customers

Case Study 1: CreativeXteriors

Topics: Safety, Customer Service, Fuel Management, Employee Management
Industry: full-suite landscape services
Types of Vehicles: light- and medium-duty trucks
Fleet Size: 40

As a small business, CreativeXteriors knows that accidents and other safety issues with the fleet could result in large and potentially business-crumpling expenses. That's why this landscape company does everything it can to prevent accidents of any kind.

Steve Schaefer, fleet manager for CreativeXteriors, says that safety is the No. 1 priority at the company, and issuing a telematics system would hopefully help maintain or even further lower the fleet's accident rate. "When it comes to liability, there are so many risks out there for businesses," he says.

After two years of using the system, CreativeXteriors is confident in what has been seen so far. "Results happened instantly with this," Schaefer says. "Infractions went down, and speeding and braking issues decreased. We didn't have any major problems with accidents, but once our guys knew

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—Steve Schaefer, fleet manager for CreativeXteriors.

they were being monitored, we had zero issues on everything." He adds that the drivers have significantly refined their driving habits, which has reduced general wear and tear on the company trucks.

To improve driver behavior, the company can track hard-braking, how well drivers are stopping when pulling a trailer, and other potential safety hazards. CreativeXteriors immediately talks with the driver when a regular bad habit is occurring. In some cases, the company has had to remove an employee from a driving position and restrict them to a "rider" spot. "Our goal has been to keep this company accident-free and we were happy to add a tool that could help us continue to do that," Schaefer says.

In one of the only accidents the company has had in the last couple years, CreativeXteriors was able to prove who was at fault in an accident involving a company driver. The driver of a limo that hit one of the fleet trucks claimed he wasn't at fault, but the telematics data showed otherwise. "We were able to prove all the way down to which lane we were in," Schaefer says.

MANAGING A MOBILE BUSINESS

CreativeXteriors is largely a mobile business, which can make keeping an eye on operations and employees difficult. Schaefer knew that installing telematics devices onto all the vehicles would bring issues to light immediately, such as providing better and more accurate customer service responses, improving route management, and keeping an eye on vehicle maintenance alerts.

"We are able to cross-reference where people are at with our billing and time sheets, and we can show those to the customer directly so there's no question," Schaefer says.

For maintenance, drivers aren't always the best at telling management when a maintenance warning turns on. "Now, it pops up on our screen and we can get the truck in for an assessment before something goes wrong," Schaefer says.

CreativeXteriors has also used the telematics data to average out the monthly fuel bill. Through routing reports, Schaefer can project what the fleet's fuel cost will be, so the company can make any adjustments and be prepared for busier months. The system has also nipped in the bud any problems with drivers abusing personal use. The trucks shouldn't be moving on the weekend, so managers are alerted when a truck is on the go when it shouldn't be — furthering the company's savings on fuel.

Case Study 2: HLD Corp.

Topics: Employee Management, Billing, Dispatch, Fuel Management
Industry: construction and landscaping specialists
Types of Vehicles: light-, medium-, and heavy-duty trucks
Fleet Size: 28

Before installing Geotab telematics, John Emsley, controller at HLD Corporation wanted to ensure the time portion of its billings to clients were accurate. With most drivers being able to take the vehicles home at night — though not for personal use — it allowed for a lot of wiggle room when they filled out their timecards when it came to time spent on different job sites.

"We needed to know when they get to the jobsite and when they actually left," Emsley says, whether it was dishonesty or inaccuracy on the part of the employees. "Telematics helps us answer those kinds of questions, so we compare it to the timesheets randomly. If the timecard says 7 a.m., but we know they didn't get to the job until 8 a.m., then there's obviously a problem."

While timecard management and reducing personal use of vehicles was HLD's primary reasons for first implementing telematics, in just six months of having the system, the company has noticed other benefits as well. For example, the system allows them to respond to customer requests if there's any question as to how much time was spent on the job. "We will include that with the invoice when requested," he says.

SEEING MORE

At the early stages of implementing telematics, Emsley says he's still exploring all the data and deciding on what to start using it for next. He says that they will likely start using it for vehicle diagnostics and that he just recently sent a sample report to the in-house mechanic.

While still too early to measure the quantum of savings, there appears to be less money spent on fuel, which in the long term will translate to less money spent on fleet maintenance, Emsley says. And with Geotab telematics, employees appear to be respecting HLD's policy on not using its vehicles for personal use. "It's really about controlling the use of the vehicle," he adds.

Other fuel and maintenance savings will come from more efficient dispatching for last-minute customer calls. "The dispatcher loves it," Emsley says.

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—John Emsley, controller at HLD Corporation

HLD has also turned on speed and idling warnings, in which the system beeps at the driver for exceeding established limits. Emsley reports that it's helping to correct those potentially costly driving behaviors as the company continues to monitor. "We're only scratching the surface with the telematics at this point, but at the end of the day, the pay back is definitely there," he says. "When I look at the numbers, I can see that overall fuel consumption per vehicle is definitely coming down. So, it's doing its job."

While difficult to measure precisely, comparing before and after the telematics implementation — barring fuel price fluctuations — so far HLD is seeing fuel savings of at least 10%.

Case Study 3: CRCS DKI

Topics: Ease of Use, Flexibility, Actionable Data, Employee Management, Fuel Management, Safety
Industry: restoration services and disaster clean up
Types of Vehicles: commercial vans and sedans
Fleet Size: 30

The longer a fleet uses telematics, typically the more uses management will find. Going into the third year of using Geotab telematics, CRCS DKI, a restoration and disaster clean up company, is utilizing the system every way it possibly can. As a result, Kyle Douglas, the company's manager of corporate services, reports that the company is reaching a savings of nearly $100,000 so far.

"When I was doing the research on a new telematics system — the old one we had was very outdated — it came down to something that was user-friendly," Douglas says. "I needed something that was easy for my staff to use, and something that provided data that helped with our day-to-day business."

To make it easy, the Geotab telematics system provides a "homepage dashboard" that the user can customize and choose what to display. For Douglas, his dashboard shows him the top 10 least efficient drivers, the top 10 highest idling drivers, the 10 best-performing drivers and other quick-hit information on the fleet. "That home dashboard just allows my managers to be able to track production and be able to understand what our employees are doing at a quick glance," he says.

Each of those overviews can be clicked on to drill deeper into the data. Douglas also uses it to get the quickest routes for drivers, monitor the fleet's overall fuel economy, and work on individual driving behaviors, such as reducing hard cornering or acceleration. "Some people think they're great drivers, but Geotab paints the true story," he says. The company has been able to improve its overall fuel economy from 11.2 MPG (or 21 liters per 100 kilometers) to 13.4 MPG (or 17.5 liters per 100 kilometers).

Another honesty tracking tool is being able to compare the driver's claimed start and stop times with vehicle tracking data. "We bill per hour, so if you have guys that are working six hours and they're billing you eight, we're able to use Geotab to better understand what our employees are actually doing," Douglas says, adding that they use the data and the driver scorecards it creates to reward the best-performing drivers. The employee tracking system was actually a customized system that CRCS DKI worked with Geotab on to create an algorithm for. A report is sent to Douglas every Monday, and then he compares that to employee timesheets.

The company was catching up to almost 40 misreported hours per month, per employee. "That's a lot," Douglas says, adding that 30 minutes here and there accumulates fast when it's happening on a regular basis. "If you're in the service industry, you have to monitor that and make sure that doesn't happen. When you don't have a lot of personal interaction because they're going right to the jobsite and going home from there, then you need to be able to see what they're doing. And it's not that we have bad employees, our employees are outstanding, but a half hour here then turns into another half hour there and another."

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>
> —*Kyle Douglas, manager of corporate services*

Overall, the system allows the company to improve on the bottom line when it comes to the most costly employees. For example, one driver was costing the company $144 in fuel costs per month just in idling. Douglas set up some parameters once he saw the trend, so that after the driver idled for five minutes while in park, it would start counting the idle time — data he could then show the driver to curb the habit.

"Honestly, you can build endless and endless reports and swamp yourself with data, but it's a matter of identifying the needs of your company," Douglas says. "And that is what I set out on more than two years ago. If I'm going to pay for this program, we will find a way to save money. And now, it has paid for itself over and over again."

Case Study 4: Arcelormittal-Dofasco Inc.

Topics: Equipment Monitoring, Maintenance Management, Accident Management
Industry: steel manufacturer
Types of Vehicles: Heavy industrial equipment
Fleet Size: 90

While part of a larger worldwide corporation that produces around 10% of the world's steel supply, the Hamilton operations of Arcelormittal-Dofasco runs its fleet independently. Installing telematics on most of the company's expensive heavy industrial equipment like steel transporters, coil tractors, bobcats and cranes, the company is using it to monitor maintenance and accidents.

The company had looked at telematics that's marketed specifically for heavy equipment, but as the company logistics manager Tim Lee explains, using those systems is far more expensive than the Geotab system they decided to go with about four years ago. "It's really a relative low cost on a month-to-month basis," he says, adding that while CAT equipment requires a different connector than regular vehicles, Geotab saw the need and created a device specifically for this type of machinery.

While a lot of the equipment is operating on site, the Hamilton plant is divided by city streets into several areas, so a lot of the steel transporters are driving outside the plant grounds. That makes monitoring maintenance and hydraulic pressures all the more important to prevent breakdowns. Lee says they were having problems with steering arms bending due to improper hydraulic pressure. The maintenance savings on those very expensive repairs, he says, is incalculable.

Another maintenance perk is being able to track engine hours, which is a better indicator with heavy equipment than mileage when it comes to replacement strategies. "We know how often it's really operating, even if it's just idling," Lee says. "Sometimes a piece of equipment will sit for a while and no one will realize it so we've actually been able to extend the life of it in some cases."

Driving equipment on city streets also opens the company

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>
> *—Tim Lee, logistics manager*

up to accidents, so throughout those areas the company has set up speed and harsh stopping zones and will get alerts if a driver breaks the parameters. "Plus, if we get a complaint from someone about one of our drivers, we can immediately verify the speed by looking at the Geotab records and find out exactly how fast he was going," Lee says.

Lee adds that the company is also starting a pilot program by installing it on one of its locomotives to see how hard train cars are being coupled to help prevent damage.

Another feature they're looking at through telematics is driver keys, which are assigned to each driver no matter what the person is driving. This capability allows the company to have a better idea of which operator was in a piece of equipment when something goes wrong. It could even prevent the driver from operating a certain piece of equipment if they don't actually have the certifications on record to do so.

The one "disadvantage" to telematics, Lee says: It's a lot of data. But, he adds, "It improves our efficiency. And it's like anything else in life; you can't make an informed decision if you don't have enough data to support it."