

DEVELOP, DESIGN, OPTIMISE AND IMPLEMENT A FLEET MANAGEMENT STRATEGY

PRESENTATION



Fleet Management





Proposal Objectives

This Project aims to gear the Clients fleet for optimal performance and formulate a cost-saving strategy in the procurement and management of its fleet. This should also provide an up-to-date asset management register with real-time updated assets and systems.

It's irrelevant how many vehicles the client may have or the types of vehicles. Resolution Mobility will manage, coordinate the project, and oversee its implementation, which involves the following:

- Conduct a fleet audit and outline recommendations.
- Develop a fleet management business case.
- Develop and implement the fleet management strategy

Project Deliverables

- Project management strategy
- A comprehensive rollout strategy
- Fleet Management audit strategy and action plans
- Fleet Management procurement plan with options and recommendations for the best fit model
- Fleet Replacement strategy
- Integration of Fleet management information with current systems
 - Fleet Management System
 - Fleet and Fuel Monitoring System
 - Education Training and Development



Process to be followed

- Fleet Audit
- Identify Fleet Profile
- Identify and Analyse Fleet Costs
- Identify and Analyse Equipment Utilisation



- Interview Key Staff
- Report Outcomes
- Make Recommendations for Operating Efficiency



To achieve the requirements, the proposal will undertake the following:

Identify and evaluate current fleet management processes:

- Vehicle Procurement, including tender processes, vehicle selection requirements, authorisation procedures.
- Funding Methods and their match to Current financial facilities and requirements
- Disposal Methods to ensure compliance to Stakeholder expectations and maximisation of resale values.
- Maintenance and service scheduling of all vehicles, including preventative maintenance of yellow equipment and waste compactors, safety certification and compliance to scheduling.
- Service and repair of vehicles, including internal and external facilities.
- Operating cost management including tender processes, procurement methods, expense pre-authorisation, verification, recording and analysis (fuel, maintenance, and accident repair)
- Insurance includes processes, risk management, claims management, and accident management.
- Fines management, including readiness for the introduction of AARTO legislation.
- Vehicle tracking systems, including the measurement and management of vehicle movement, Driver Identification systems and driver behaviour.
- Fleet Cost and Operating information systems and their integration with current systems

Identify Fleet Profile

Current fleet structure including fleet numbers, user departments, vehicle description, Age, Current Kms, Kms usage, service record and general condition.



From the above, a Fleet list will be developed for each department which additionally calculates the balance of remaining useful life and projects replacement timing based on vehicle type, monthly KMs utilisation, age, and last known condition.

This Fleet list will include an estimate of current market values.

A vehicle inspection will be undertaken. Still, a detailed vehicle inspection report should be required, including photographs and authoritative commentary on mechanical condition; this will need to be prepared by the Client Fleet Manager or outsourced to a specialist supplier.

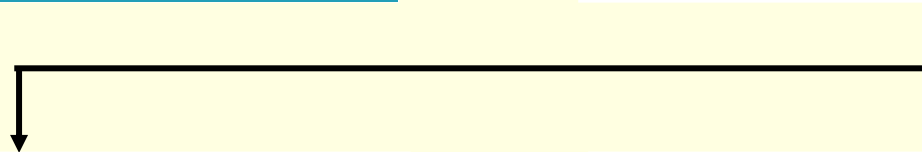


Identify and Analyse Fleet Costs

Identify operating costs (OPEX), including maintenance, fuel, and accident repair costs.



Analyse expenditure, determining Cents per KMs (cpk) and trends



Identify capital costs (CAPEX) and analyse, comparing Capex and Opex split



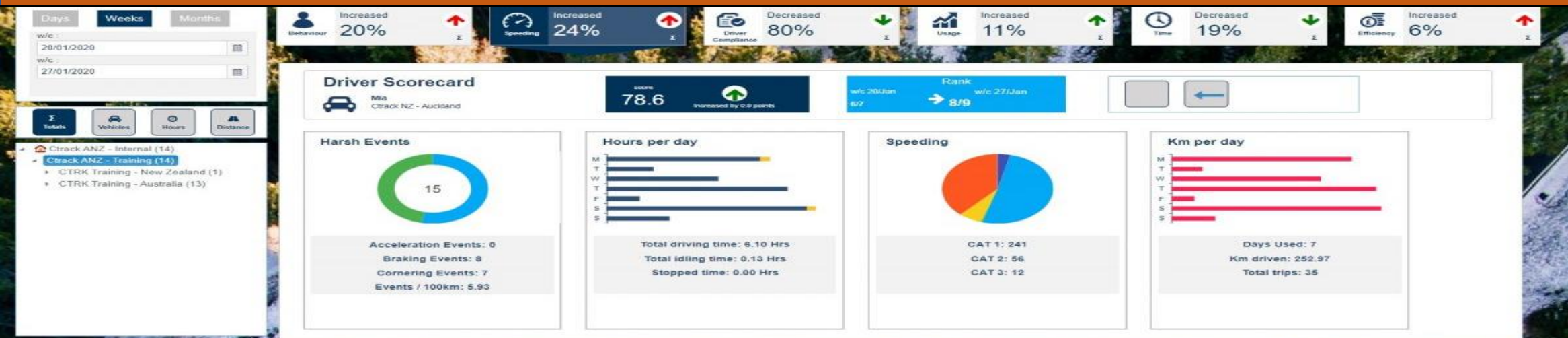
Review fleet budgets and performance to budgets

Identify and Analyse Equipment Utilisation

Identify last known
Kms / Hours and
calculate monthly
utilisation.

Identify seasonal
usage.

Analyse vehicle
movement
information sourced
from vehicle tracking
systems.



Interview Managers and Supervisors



Assess current skills levels and identify fleet staff numbers and responsibilities. This will facilitate the determination of future staff structure, skills, and training needs.

- Identify fleet management policies and their application.
- Evaluate cost management and budget review procedures.
- Identify current service delivery requirements/expectations and inhibitors to service delivery.
- Identify strengths and weaknesses of current service provision.
- Identify and evaluate driver skills, including training needs.
- Identify and evaluate skills of mechanical repair staff, including training needs.

Required outcome of Fleet Audit

Identify

Identify current fleet, age, Kms, usage and condition. Incorporating utilisation data will facilitate the development of a balanced fleet and future vehicle replacement plan.

Identify

Identify current fleet costs, budgets, and performance to budget. This will provide financial reference points and budgetary capability.

Identify and evaluate

Identify and evaluate current administrative procedures and processes, including cost identification and management. This will identify gaps in existing systems and requirements for future beneficial cost management.

Identify

Identify fleet staff numbers, responsibilities, and current skills levels. This will facilitate the determination of future staff structure, skills, and training needs.

1. To achieve the requirements of this Project , Resolution Mobility will undertake the following:

- Evaluation of current fleet processes and their upgrade defining procedures to be applied and policy requirements within each key area:
- Financing and Replacement Timing
- Procurement Methods (Vehicles and Services)
- Licensing and Fines Management
- Asset Disposal requirements
- Maintenance Management
- Insurance and claims management.
- Accident management
- Fuel Management procurement and daily management requirements
- Information systems & Administration
- Driver services and support
- Vehicle tracking and security systems.
- Replacement vehicles

2. Introduce a program of measured vehicle usage



- Identify vehicle GPS tracking requirements.
- Identify movement management requirements regarding driver tagging, Kms usage, after hours' usage and driver behaviour in terms of speed, harsh braking, and green band driving.
- Identify and evaluate requirements for Trip authorisation procedures.
- Evaluate all options and propose a full range of solutions for the measurement of vehicle utilisation.

3. Improved Productivity

- Evaluate the departmental fleet needs, utilising information gained from the fleet audit, and balance the fleet in terms of job function, service delivery requirements, vehicle type, quantities, and driver/staff skills requirements.
- Incorporate into this balanced fleet structure those existing vehicles that are functionally sound and have a balance of helpful life.
- Utilising information gained from the fleet audit, develops and implements training programs for skills upgrade in vehicle and equipment usage, preventative maintenance programs, and routine service and repair.
- Identify and evaluate opportunities for outsourcing servicing, maintenance and repair, accident repair, and tyre management.
- Evaluate vehicle specifications and identify alternatives that potentially improve productivity and reduce costs, using the whole life cost analysis method.
- Evaluate the utilisation of specialised and expensive equipment, utilising information gained from the fleet audit, and identify and evaluate alternatives that potentially improve productivity and reduce costs.

4. Upgrade operational and administrative processes - Fleet Audit.

1

Identify and evaluate
“Best Practices” for
fleet management
within and Public
Sector fleets.

2

Develop and
implement new and
upgraded operational
and administrative
policies and
procedures.

3

Develop and
implement new and
upgraded processes
to utilise vehicles and
achieve service
delivery
requirements.

Desired Outcomes of the Operational Efficiency Upgrade



Evaluation and upgrade of current fleet policies addressing 12 critical areas of fleet management.

Evaluate options and recommend a GPS vehicle tracking solution that measures vehicle utilisation, vehicle movements and driver behaviour.

Identify and propose a range of vehicles and equipment that improves efficiency and reduces cost.

Recommend a balanced fleet structure that meets service delivery requirements, improves operating efficiencies, and reduces costs.

Develop and implement training programs for skills upgrades in vehicle and equipment usage, preventative maintenance programs and routine service and repair.

Utilising information from the fleet audit; identify, evaluate, propose, and implement “Best Practices” for fleet management within and Public Sector fleets focussed on operational and administrative requirements.

Cost Optimisation



To achieve the requirements of this project, the process will focus on the following:

1. The development of vehicle policies that define replacement time and Kms based on reducing costs using the “Whole Life Cost” method and incorporating projected economic life.
2. Cost’s reduction gains will be made because of vehicle selection and the identification of a balanced fleet in terms of job function, service delivery requirements, vehicle type, quantities, and driver/staff skills requirements.
3. The application of Utilisation Management processes, where the GPS tracking system is utilised to measure vehicle movement and driver behaviour, will reduce costs by minimising unnecessary and unauthorised vehicle usage.
4. Operating costs, chiefly fuel and maintenance, which represent 50 and 70% of the total cost, should be the primary area of focus.

Fuel management incorporating.

- Fuel management policy
- Utilisation of a secure on-road fuel procurement system
- Selection of vehicles with best fuel consumption
- Focused procurement on the selected supplier (s) standardises source and improves fuel cost.
- Pump and wet stock management processes
 - Expenditure and consumption analysis, after each fill, that identifies and assigns cost to consumption more than consumption benchmarks.
 - Analysis that identifies problem vehicles, suppliers, and drivers
 - Quality information systems that detail expenditure by vehicle, cost, litres, date, time, supplier and further analyse expenditure calculating, consumption and the cost of excess consumption.



Maintenance Management incorporating

- Maintenance Management policy
- Maintenance service scheduling
 - Preventative maintenance programs for heavy vehicles and specialised equipment minimise unnecessary wear and tear.
 - Managed maintenance processes that pre-authorise expenditure verifying diagnosis, cost and application of supplier warranties/guarantees and manufacturer service and maintenance plans.



- Optimised VAT administration processes
 - Quality information systems that detail expenditure by vehicle, line by line service and repair description, date, time, supplier

Accident management incorporating.

- Best practices for claims management processing
- Evaluation of quotations to reduce costs.
 - Application of workflow management to ensure prompt repair and optimised vehicle utilisation.
- Supplier management to ensure quality repair to manufacturer standards.

Maximising resale values

- By applying an inspection process that identifies unrepaired damage and missed services and further ensures that accident damage is repaired promptly and to manufacturer specifications.
- Further selecting disposal processes that maximise resale values.

The Desired Outcome of Cost Optimisation





To achieve the requirements, the proposal will focus on the following:

- Develop vehicle policies that define operating requirements, including replacement time and Kms.
- Developing a balanced fleet in terms of job function, service delivery requirements, vehicle type, quantities, and driver/staff skills requirements
- The application of Utilisation Management processes utilising GPS tracking system and unauthorised vehicle usage.
- Operating costs management incorporating Fuel management and Maintenance Management.
- Accident management incorporates best practices for processing claims and evaluating quotations to reduce costs.
- Maximise resale values by promptly repairing accident damage and to manufacturer specifications. It was further selecting disposal processes that maximise resale values.

Comprehensive Roll out strategy

- A plan will be developed that details all activities incorporated in the Project Description. Activities will include sufficient time for the Client Executive to evaluate, modify and approve key activities and requirements. All activities will be:
 - Fully Described with a reference number
 - Start date and completion dates for each activity will be given.
 - The critical path for this project will be defined.
 - A Gantt chart will be prepared, published, and strictly managed.





Fleet Management Audit Strategy and Action Plans

- The Fleet Audit will evaluate the current Vehicle Fleet, Policies and procedures, administrative procedures, BBBEE procurement requirements, skills levels, information system requirements and service delivery requirements.
- Timing for the initiation, evaluation and completion of the fleet audit will be incorporated in the Roll Out Program.

Fleet Management Procurement Plan

The fleet procurement plan will incorporate.

- Vehicle selection and equipment specification
- Vehicle funding options and requirements
- BBEE requirements
- Procurement options for Fuel, Maintenance and Accident Management systems
- Training requirements and procurement options
- Fleet Information systems, their integration with current systems and user training





Fleet Replacement Strategy

The fleet replacement strategy plan will incorporate.

- Client vehicle requirements, by category type
- The development of a Fleet Replacement Policy by identifying a vehicle's useful life (by category) and the calculation of optimal replacement timing using "Whole Life Cost" methods
- The application of the Fleet Replacement Policy to current vehicles to determine future replacement timing.



The Fleet Replacement Strategy document will include a **FEASIBILITY STUDY**.

- The client recommended total fleet structure (Fleet Plan)
- The balance of helpful life for CURRENT vehicles to the replacement date
- New vehicle requirements to meet Client fleet plan.
- Estimated costs of new cars and equipment.
- Estimated resale values.
- Estimated operating costs of Fuel, Maintenance, Insurance, Accident Repair Costs, License and registration, information systems and selected outsourced services (market-related prices)
- Administration and management fees
- Risk Analysis
- This feasibility study can become the foundation document for any future proposal processes.

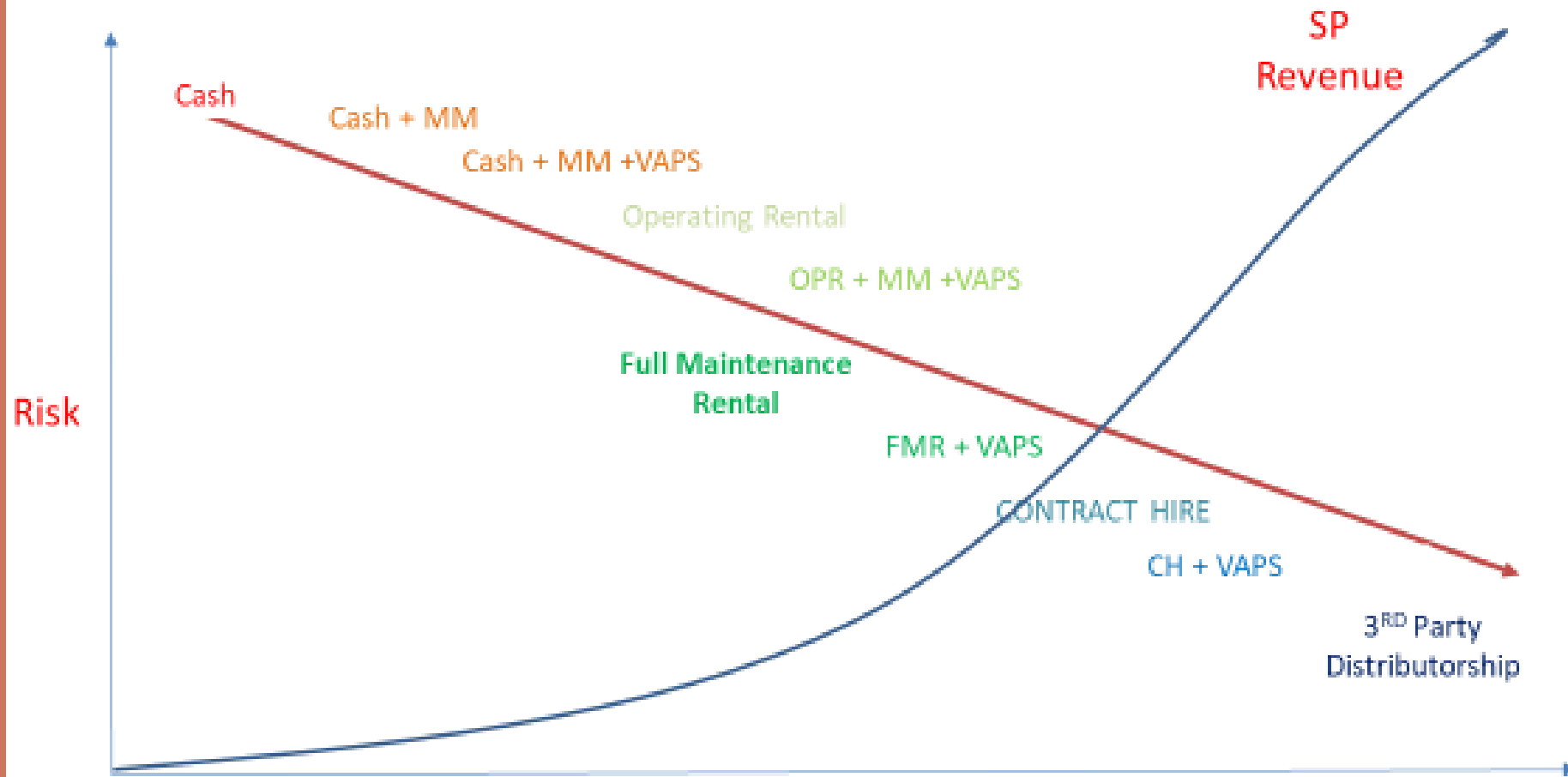
Information systems

The fleet information systems plan will incorporate.

- The identification of Client fleet information systems incorporating fuel monitoring and analysis.
- The identification and evaluation of “off the shelf systems.”
- Integration requirements with current Client systems
- The identification and evaluating requirements and costs to modify the “off the shelf systems” to Client integration requirements.
- The identification of training requirements and costs



Guide to Fleet Procurement



Key

MM – Managed Maintenance, OPR – Operating Rental, FMR – Full Maintenance Rental,
VAPS – Value Added Services (Tracking, Insurance, Accident Management, Fuel Management, Systems)
SP – Service Provider

Questions and Answers

