



WHITE PAPER

Why You Should Outsource Fleet Maintenance

Your fleet can realize benefits by outsourcing fleet maintenance and streamlining the authorization process.

By keeping everything in-house, your fleet is missing out on benefits of outsourcing fleet maintenance. Keep in mind you don't have to outsource your entire maintenance process. Some fleets choose to use a combination to realize the benefits of both.

Let's dive into the offerings of outsourced fleet maintenance and methods to streamline the process.

Advantages of outsourcing fleet maintenance

Major advantages of outsourcing fleet maintenance include:

Save money

Working with a maintenance provider unleashes hard and soft cost savings.

Hard costs

Privatization

Selecting and signing a contract with a fleet maintenance service provider is a business transaction. Providers compete against each other on quality and cost to get your business. This is good news for you, as quality and cost are likely two of the top priorities you want to optimize.

Once the contract with your service provider is up, you can also repeat the process to ensure you still get the best deal. Fleets typically save 10 percent to 25 percent through privatization.

Soft costs

Soft costs can be the biggest killer for budgets because they are difficult to predict and quantify, as they do not entail additional expenses.

Consolidated billing

Regional and national service providers will often offer consolidated billing, which moves your countless vendor invoices to a single, monthly invoice with all your maintenance shop charges. This saves major time and headache on the backend and can also translate to operational savings.

In fact, one organization saved \$75 per individual maintenance purchase order with consolidated billing, resulting in **\$625,500 annual savings**.

Reduced downtime

Another major example is vehicle downtime. When a vehicle is sidelined, the cost of lost profit can quickly multiply. On average, downtime is expected to cost a fleet \$450 to \$760 per vehicle, per day.

The faster a vehicle can get to the shop, the faster it can get back on the road. If your fleet operates across a wide geography, drivers may be able to get into a national or regional provider's shop before it can make it back to your in-house maintenance bay.

Better quality

When you outsource fleet maintenance, economies of scale are in your favor, especially for SMB fleets. You will have access to greater resources, including the soft cost benefits of access to cutting edge technology and industry best practices—something in-house maintenance may not always allow.

More proactive approach

With this greater efficiency, you also have the chance to address the pesky maintenance task backlog that built up when maintenance was in-house.

Your fleet can become more proactive and prevent small tasks from developing into issues now that you have access to more resources. In turn, you will prevent repair and replacement costs from continuing to rise.



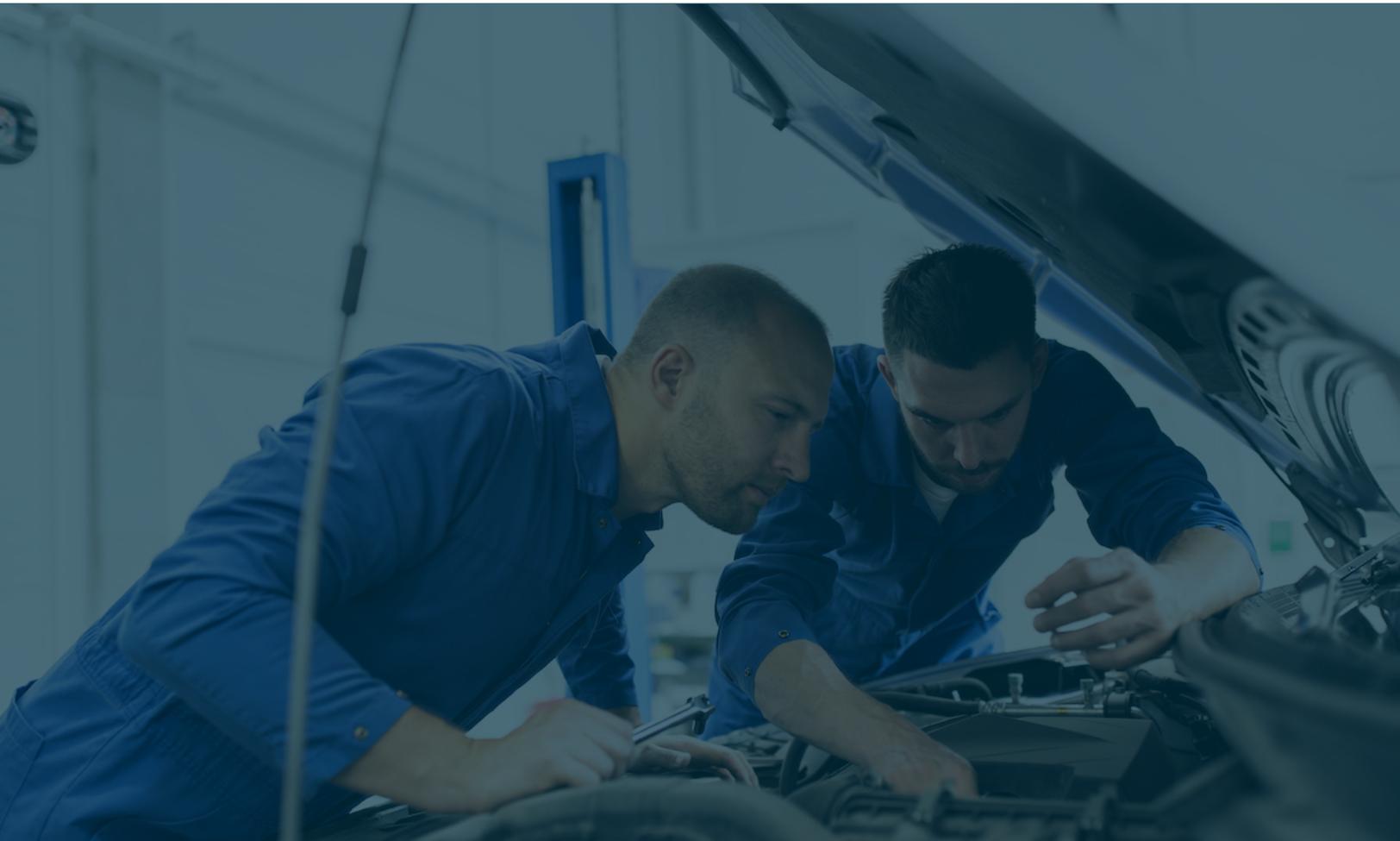
Increase efficiency

The more time your fleet vehicles can spend on the road, the better. So, when conducting routine maintenance, it's ideal to schedule it outside of operating hours to avoid downtime.

While you can do this with an in-house maintenance shop, it's a greater headache. It would mean keeping your mechanics after hours and either paying for overtime or increasing your staff size.

Many maintenance shops, however, offer longer shop hours or hours outside of normal business hours. Your fleet can take advantage of this to keep your vehicles on the road as much as possible without managing the logistics and costs yourself.

Maintenance providers also typically offer multiple locations. In the event of a vehicle breakdown, you may likely be able to reach a shop location faster than your in-house maintenance shop, further reducing downtime.



Boost flexibility

With maintenance comes unavoidable peaks and valleys in the amount of repairs required. As you go through these transitions, it can be difficult to feel correctly staffed for in-house maintenance—you may often feel over- or understaffed.

Outsourced fleet maintenance, however, can support this flux in maintenance work easily. When your vehicles are requiring more work, you can simply bring them into the shop. This provides greater flexibility for your fleet.

Tap into mechanics' expertise

Your fleet may occasionally run into technical challenges where you need repairs that require a specialized mechanic, such as an engine rebuild or tire capping. This can be difficult when operating entirely on in-house talent since specialized mechanics are more expensive and difficult to find.

Maintenance providers are more likely to staff mechanics with specialized skills that can address your fleet needs. With outsourced maintenance, you can tap into their knowledge as needed without worrying to try to find one on-demand.

Additionally, with outsourced fleet maintenance, shops keep up with mechanic trainings and certifications. You can save time and money without needing to take time to train staff or pay to update certifications.

Keep up with the latest and greatest

In-house maintenance shops are a high initial investment in the tools and shop itself, so you may not have the capacity to update it consistently.

Recall that maintenance providers, however, are competing with one another for your business. They are trying to surpass one another in all categories, including shops' bells and whistles. As a result, you can usually expect the latest shop technology.

Reduce risk

When operating your own maintenance shop, you open yourself up to risks for your vehicles, drivers and technicians. When you outsource maintenance, you get to offload this risk to the maintenance provider.

✓ Mastering maintenance approvals

When your drivers take fleet vehicles to your maintenance provider shop, you want to ensure your maintenance service providers are addressing critical maintenance tasks and nothing unnecessary, resulting in an unexpected bill. This comes down to optimizing the maintenance approval process.

Establish a clear threshold

We surveyed some of our customers to learn how they handle maintenance authorization with their service providers. We asked:

- At what price do you require service providers to obtain your approval before completing maintenance tasks?
- Have you received an unexpected bill after getting a vehicle back from the shop?

Based on responses, there is a range of maintenance approval thresholds for fleets.

Most fleets seem to fall primarily into two camps:

- 1) Establishing an approval threshold for repairs of \$100 or more
- 2) Leaving it up to the shop's discretion until reaching repairs of \$1,000 or more.

Some fleets, of course, fall in the middle, requesting approval for repairs greater than \$500 or \$800 for example.

When asked about times a maintenance provider has completed a repair without approval, fleets were far too familiar with this situation.



Joshua Willis of Oregon Driver Education Center said he has sent a vehicle to his service provider for a **\$70 oil change** and got slapped with a **\$275 bill afterward.**

Joshua Willis of Oregon Driver Education Center said there have been several times where he sent a vehicle to his service provider for a \$70 oil change and got slapped with a \$275 bill afterward.

Mark Everhart of Wright Service Corp has experienced this as well saying thankfully this event is “less frequent today, but still happens” for his fleet.

Automate your maintenance process

With strict fleet budgets to adhere to, unexpected bills are clearly not ideal. So how do you avoid these situations? Make your maintenance processes, including approvals, electronic.

With a digitized maintenance process, service information is at the fleet’s fingertips. Instead of fielding calls from maintenance service providers or playing phone tag, fleet managers can set automatic approvals for maintenance tasks below a certain dollar amount or manage maintenance approvals on a mobile device, accepting or rejecting repairs with the touch of a button.

The process is even quicker if the fleet manager has access to an electronic service history of the fleet vehicles. Then the fleet manager can see when the vehicle was last serviced, the work that was done and the price. This helps fleets avoid duplicate work and paying more for the same task down the road.

Also, when applicable, this lessens the need to outsource fleet management duties to a third party, enabling the fleet manager to be contacted directly rather than going through a middleman. Not only does this save more time, it provides transparency for the fleet manager into ongoing fleet maintenance tasks.

With electronic maintenance processes and communication, fleets can respond in real-time and prevent maintenance shops from completing repairs without its go-ahead.

*With our **Maintenance Shop Integration**, you can automatically record service data in Fleetio from the service provider’s point of sale, authorize maintenance work electronically, get a single, monthly statement from all your shops and access exclusive maintenance discounts.*



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