

A close-up photograph of a mechanic working on a car's suspension system. The mechanic's hands are visible, using a tool to adjust a component. The background is slightly blurred, showing the car's frame and other mechanical parts.

Holman

Driving What's Right

Leveraging
the power of
visibility in
supply chain
management

INTRODUCTION

As the pace of technology and process integration continues to accelerate, the future of the supply chain process will bring about more visibility and greater efficiency.

Decisions will become easier, especially when made in conjunction with a fleet management company that has a deep data integration partnership with their key suppliers.



SUPPLY CHAIN MANAGEMENT

IMPORTANT TO YOUR BOTTOM LINE

Effective supply chain management minimises risk, lead times, and costs for a fleet – but it requires fleet experience and takes significant amount of time and resources when done correctly.

The supply chain process is complex, comprised of several interconnected steps.

SUPPLY CHAIN STEPS INCLUDE:

- Specifications development and upfit requirement
- Progress monitoring and management
- Taxation and compliance
- Delivery in a timely manner of a fit-for-purpose vehicle

The successful execution of this entire end-to-end supply chain depends on having the necessary expertise for each of these key process steps, whilst ensuring that the numerous interactions between each key step in the process are clean and effective.

A misstep or a lack of visibility can greatly impact day-to-day operations, even more so if upfitting is required. Investment and help shape the decisions you make in the future.

Asking whether a vehicle needs to be replaced at all, or if the specifications are the right fit for the work that needs to be done are always questions that deserve to be asked. If your fleet doesn't have the data and the tools to support a robust analysis you could be missing opportunities to fully optimise your assets, your budget and your business.

STEPS TO AN EFFECTIVE SUPPLY CHAIN



Planning



Choosing the right vehicle



Placing and tracking the order



Remarketing for maximum return



Evaluating performance

REAL-TIME DATA ANALYSIS

+

TRANSPARENCY OF OPERATION

=

COMPREHENSIVE UNDERSTANDING OF HOW DECISIONS AFFECT THE ENTIRE PROCESS

EFFECTIVE SUPPLY CHAIN

PLANNING – A CRITICAL FIRST STEP

Taking the time to evaluate the needs of your business can uncover important insights to your company and your bottom line. Gathering detailed data on the company's needs, the jobs that require vehicles, and the business application for those vehicles is a good start. Asking questions about the vehicles 'real life' needs (and how they might affect the overall gross vehicle weight rating), typical driving conditions, annual mileage, suitable engine size and any customisation or upfitting requirements can help add clarity to the decision-making process. Consideration should also be given to overall vehicle usage, driving patterns, the current use of rental or private vehicles and whether vehicles are achieving minimum mileage requirements. If not, the question must be asked: Are those vehicles really needed?

Effective planning is also supported by adhering to replacement guidelines that align with the needs of your business. A successful replacement strategy strikes a balance between maximising the useful life of the vehicle while optimising the total cost of ownership and limiting vehicle downtime. Operating a fleet without a well-defined plan for effective replacement contributes to raising operating costs, including; increased repairs and downtime. Reduced efficiency also results in a lower productivity.

A strategic vehicle replacement strategy allows a fleet to control overall operating expenses including fuel, repairs and maintenance – all of which can have a positive impact on your company's bottom line.

A comprehensive replacement model takes much more into consideration than just age and mileage. Those two factors alone may not truly reveal the wear and tear that is happening to any one specific vehicle. Factoring life cycle costs such as maintenance and fuel efficiency, as well as criticality of the vehicle and delivery lead times will help formulate a sound replacement strategy.

Once you have a good sense of the overall condition of the fleet, estimate what the total costs are likely to be to maintain each unit for another year. As vehicles age, certain costs, such as maintenance and repair, tend to increase while other costs, such as depreciation, tend to decrease.

When the balance of owning a vehicle tips from adding value to increasing costs, it is time to consider replacement.



LEVERAGING DATA

TO MAKE SMARTER SUPPLY CHAIN DECISIONS

New technologies now allow you to view multiple aspects of your fleet and drill down into the data. You can see which vehicles are often in for repairs, which are consuming more fuel, and which are performing well. Being able to do this quickly helps a business better understand their operation, and gives them an edge in an increasingly competitive environment.

Smart businesses are beginning to invest in the technology and tools to take on this challenge, but they're also working with organisations that have direct expertise in supply chain and fleet management in order to make the most of their fleet investment. However, to understand the actual financial impact to your business, you must have access to every component so by having sight of the cost of funds, profit margins and residual values, it will allow you to gain actionable insight and help aid effective TCO management.

Automated access to accurate real-time fleet data is critical to maximising potential efficiencies.



THE RIGHT VEHICLE

Once you have a plan in place, consider the type of vehicles you may need. Study the data before you make a decision.

The key to maximising vehicle utilisation and minimising costs is ensuring as much standardisation across your fleet as possible (without sacrificing any true fleet or business needs) while choosing the most job-appropriate vehicles according to your replacement analysis.

An evaluation of both the vehicle specifications (a checklist of must-haves for the vehicle) and selectors (a consolidated list of specifications that can be ordered) can ensure that what is being ordered meets your business needs. Keep in mind acquisition costs, funding method, estimated operating costs and any other business factors will affect the overall total cost of ownership for the vehicle. That said, you should always order the exact vehicle needed to do the job based on preliminary planning.



VEHICLE UPFITTING

Once the early steps in the acquisition process have been completed, vehicle upfit requirements are determined and purchase orders issued. Vehicles can be upfitted in one of two ways:

1. OEM ORDER DIRECT

An order is placed directly with either the OEM or designated dealer who will then add a 'destination code' to the order to identify the selected upfitter. Once the vehicle is built, the OEM will deliver directly to the upfit company who will then complete the work and deliver the vehicle back to the delivery dealership or the end user. This is a cost and time efficient method and is the one of choice for most fleets with upfit requirements.

2. UPFITTER DIRECT

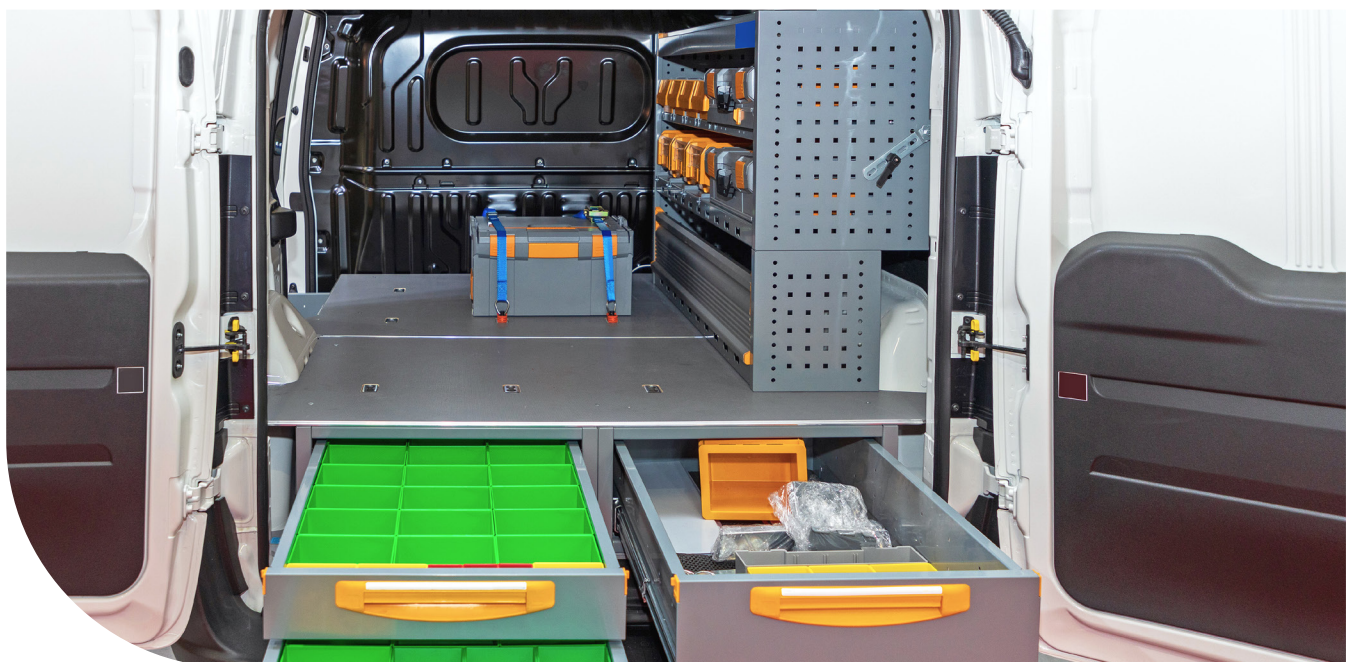
The end user takes delivery of their vehicle from the designated dealer and then arranges transportation direct to the upfitter. This is not generally used due to the increase in time and cost. However, some fleets will utilise this option to ensure flexibility due to vehicle movements and job change.

THE OPTIONS

Each method has its benefits. OEM order direct is a better choice for decentralised fleets. It also allows for one point of contact for inquiries and invoicing, more consistent installations, better oversight with regard to quality and process, and lower costs. Upfitter direct can extend order-to-delivery time, however it allows for more flexibility.

While companies can choose to manage the upfit process themselves, or work with an independent third party, the optimal situation is to work with a partner that has an established relationship directly with an upfitter. This increases transparency and improves overall communication, which can directly impact the bottom line in terms of the process moving quickly and orders being delivered correctly and on-time.

Without real-time access to each step in the process, companies lose control and visibility, which can quickly lead to delays, downtime, rental fees and lost productivity.



PLACING AND TRACKING

THE ORDER

Once you have defined your vehicle requirements it is time to consider pricing. Partnering with procurement and vehicle equipment specialists can give you an edge in terms of negotiating the best price.

OTHER CONSIDERATIONS INCLUDE:

Incentives, Rebates and other potential savings

Most manufacturers provide incentives for fleets, and there are usually conditions or in-service requirements attached to these incentives. These types of incentives will usually be offered in place of any standard fleet rebates. Concessions are generally negotiated annually; however in some cases they can be revised or adjusted earlier if volume adjustments are significant. Multiple-year concessions may also include price protection and will vary based on the agreement with OEMs.

Order-to-deliver-time

Be sensitive to these dates and plan order replacement accordingly to avoid price increases, costly delays or long lead times. The order-to-delivery time can be influenced by a number of factors such as production backlogs, volume of orders, weather delays, quality control issues, OEM capacity and demand, and OEM labour issues, as well as availability of specific components not produced by OEMs.

Companies that partner with a supply chain or fleet management company can benefit from their extensive knowledge and practical skill in managing, analysing and maximising data. Unlocking hidden insights from data often leads to unexpected efficiencies and solutions to unforeseen problems – all of which could otherwise increase costs.

OTHER BENEFITS INCLUDE:

- Experienced assistance with the evaluation of trends, best practices and optimal timing for orders.
- Access to subject matter experts who can provide recommendations and guidance for fleet managers through the specification and selector building process.
- The ability to leverage the fleet management company's established relationships with OEMs and other supply chain partners and dealers.
- A dedicated team with focused resources on monitoring every stage of the process, including vehicle status and any potential delays which leads to increased transparency to the entire process.

Managing vehicle production from order through to delivery is best coordinated by fleet teams who engage experts to oversee both the big picture and the finest details. It takes leading-edge systems, experience and connectivity with manufacturers and upfitters, and the use of integrated web-based tracking to ensure accuracy and the lowest order-to-delivery times possible. Having fleet management partners that have direct links to the process, such as with a manufacturer, increases the ability to gain transparency and control over the process.

Unlocking hidden insights from data often leads to increased efficiencies and solutions to unforeseen problems.

EVALUATING PERFORMANCE

Once your vehicles have been delivered and are out on the road, active reviews and analysis of the vehicles is the key to ensuring you obtain the data and history needed to maintain a consistent and efficient replacement programme. This also helps in the day-to-day control of maintenance and repair expenses and in the reduction of vehicle downtime.

BEST PRACTICES INCLUDE:

- Using a vehicle maintenance programme with web based capabilities to track and monitor data, identify trends, consolidate billing, and reduce administrative burden and excessive cost.
- Capturing maintenance expenses on a cost centre, make, model and component level for every vehicle. Maintenance costs should be driven to the assigned cost centre to encourage responsibility and awareness.
- Developing a reporting package to manage maintenance expenses including the most expensive vehicles to maintain, average age of fleet, high frequency of repairs, component failure, fleet utilisation and cost centre-specific per vehicle cost monitoring.

By engaging with the data and employing tools that help you track, monitor and report on the performance of your fleet, you will empower your organisation to make smarter, data-driven solutions in the future. This will lead to budget certainty, increased efficiency, cost reductions, lower downtime and increased productivity.



REMARKETING

When a vehicle is designated for replacement, it isn't just the acquisition process that begins – the remarketing process also launches. Companies want to pick the option that offers a quick sale, minimal hassle and maximum return. It seems simple enough, but when you consider the numerous options for selling a vehicle at the end of its life the decision becomes more complicated:

OPTIONS INCLUDE

Employee Sales:

Some companies allow employees to purchase the vehicles they drove for business use.

Physical Auctions:

Dealers buy and sell units through a traditional auction process.

Online Auctions:

Vehicles are sold through the Internet.

Remarketing Centres:

Wholesale dealers at warehouses and lots bid on vehicles through online auctions.

Brokers:

Vehicles are sold directly to dealer wholesalers.

Find a partner that offers as many options as possible, so you have flexibility over the sales cycle and administration as well as the ability to expose your vehicles to the broadest buyer base available.

This partnership will maximise the return on every vehicle based on your unique situation and time-frame. If you have specialty or complex upfits, partnering with a fleet management or remarketing specialist can help to develop custom solutions for your specialised vehicles and equipment.

Working with a company that has this specific expertise will let you access the latest technologies and innovation solutions. For example, there may be times when a quick turnaround and cash flow generation is critical. When that happens, look for partners that offer unique solutions like simply making an offer for the vehicles you are looking to sell. This accelerates the sales process and puts the sale proceeds immediately back into your budget.

Most of all, partnering with a fleet management specialist helps to relieve the administrative burden of remarketing a vehicle. The fleet management company can handle the entire process, including managing vehicle pickups, preparing vehicles for sale, choosing the proper market and assessing an accurate sale price. This frees up your time to focus on operations and can drive value back into your business, because you're partnering with an expert that has an infrastructure already in place to handle the process.

Working with remarketing specialists can also help organisations receive the highest possible resale value, thus lowering total cost of ownership.



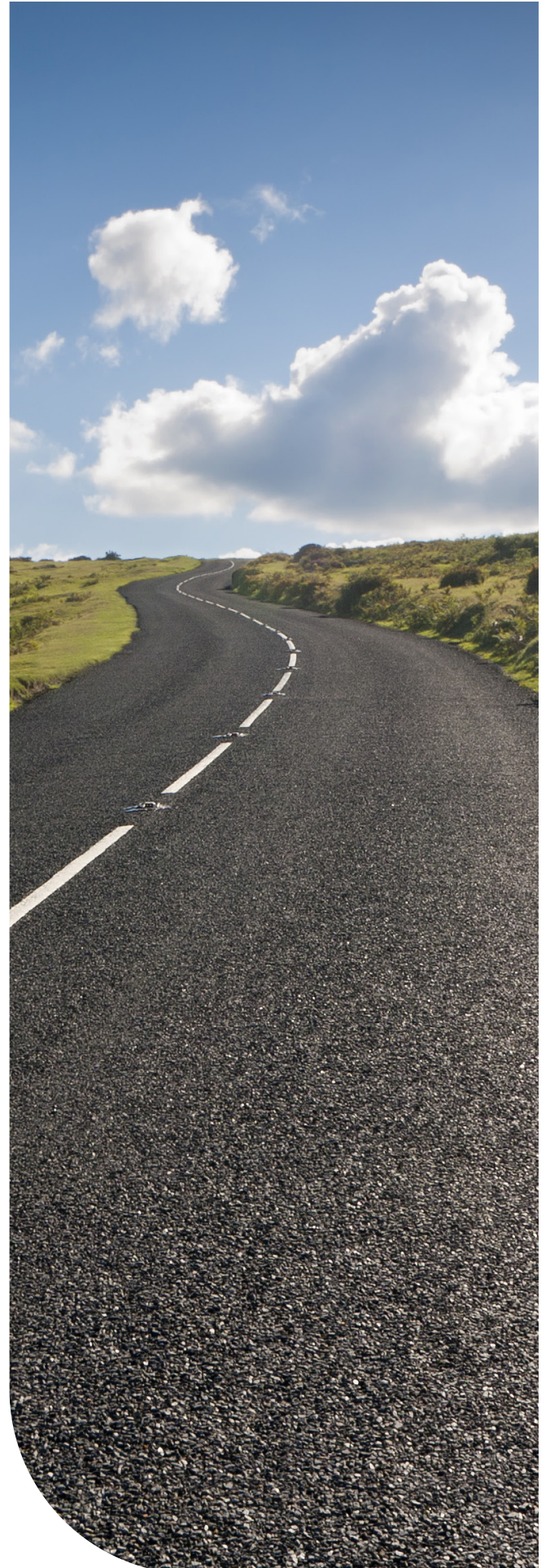
PARTNERSHIPS

Partnering with supply chain experts can benefit your fleet and your company's bottom line. But how does a company choose a partner?

How can they be sure that the partner will understand their goals and long-term business strategy, and that a partner will support them in executing a supply chain strategy?

When choosing a supply chain management partner, organisations should consider the following:

- **Identify partners with expertise in multiple stages of the supply chain. Firms with experience in multiple areas make this relationship and the vehicle life cycle easier to manage.**
- **Partner with companies that have solid contacts and connections for maintenance and upfitting.**
- **Find a partner who understands the value of data and the impact it can have on strategic decision-making and business operations. A partner that can offer access to real-time data and information, as well as the tools to help interpret that data, will help you maintain control over the process and provide better transparency into each important step.**
- **Accurate and thorough reporting allows for data tracking and analysis. Be sure your partner offers proven reporting as well as online dashboards, KPIs and alerts.**
- **Choose experts that work as an extension of your fleet team. This allows both parties to collaborate on a common goal.**
- **Choose an organisation that is transparent in how it manages its assigned stage(s) of the supply chain. This is critical for establishing a solid partnership and ensures ongoing trust.**



CONCLUSION

Proper handling of each stage in the supply chain is essential for running an efficient, cost-effective fleet. Given the complexity of the vehicle life cycle and ongoing pressure on team resources, it is difficult and often unrealistic for a fleet team to manage it all alone.

Modern tools and technology have created an opportunity to leverage real-time data insights. This is having a genuine impact on total cost of ownership, productivity and an organisation's bottom line. Collaborating with partners, such as a fleet management company or other supply chain professionals who can assist with strategic decision-making and management of deliverables, frees up resources for the fleet manager to focus on more strategic operation of the fleet.

The pace of technology and process integration is accelerating, and being able to identify and implement any relevant trends is the key to providing a class leading supply chain management service. From the fleet's perspective, decisions will be easier to make and understand when done in partnership with a fleet management company that has a deep data integration partnership with their key suppliers.

It will be a brave new world for fleets, and those fleet management companies who are building and solidifying their relationships with suppliers will become the most attractive.



Holman

Driving What's Right

Holman, previously ARI Fleet UK, has revolutionised funding and fleet management with technology that enables organisations around the world to realise new levels of efficiency and value by leveraging the power of data through the Holman insights portal and other customised solutions. Founded in 1924, Holman, now the largest family-owned company in the industry, has continuously uncovered new ways for fleet managers to translate their fleets' data into decreased costs and improved driver safety. Holman manages more than 2 million vehicles globally with offices in the UK, North America and Europe.

Learn more at [Holman.co.uk](https://www.holman.co.uk), email us at enquiries@holman.co.uk, call us on **0844 8000 700** and follow us on LinkedIn, Facebook and Twitter