



# The Beginner's Guide to Fleet Management

## FLEET MANAGEMENT: DEFINED

In today's modern world, fleets can come in many different shapes and sizes. Technically speaking, both a large, nationally-operating trucking company and a small, locally-operating delivery company are considered fleets. So, if you fall into either of these categories or anywhere in between, you've got a fleet to run. Regardless of the size and operating procedures of your fleet, you need a comprehensive fleet management program to keep your fleet running as efficiently as possible.

At its core, fleet management covers the practices of overseeing, organizing, and recording all aspects of a company's fleet. These managerial duties might include, but aren't limited to, establishing regular vehicle maintenance schedules, establishing cost-saving measures, and implementing new driver training programs. Depending your company's size and the industry in which you operate, how large and varied your fleet is, fleet management practices vary more as the aspect of management grows more specific.



Whether you wear many hats and only one of your duties is fleet management, or whether "fleet manager" is in your job title, this beginner's guide will walk you through the basics of fleet management and how to build your own company's successful fleet management program (FMP) from the ground up.

### Primary Responsibilities

You have a lot of primary responsibilities to keep in mind when establishing your company's fleet management program. These requirements will inform your decisions every step of the way, from training drivers to acquiring vehicles.

- Recording and maintaining accurate data and information on all aspects of the fleet.  
**Example:** Fleet managers are often responsible for keeping detailed maintenance histories for all vehicles in the fleet. They should be able to find the exact date of a specific truck's last oil change by looking through well-kept records.
- Assessing, managing, and mitigating all associated risks at every level of your organization.  
**Example:** Fleet management programs should include advanced screening policies for all drivers, as well as rigorously enforced safe-driving policies and training programs, to lower the risk of traffic incidents involving its fleet vehicles.



- Analyzing recorded data, extrapolating issues from the data, and recommending solutions.  
**Example:** Fleet managers should be able to view common routes that their vehicles take and identify alternate routes or travel schedules for decreasing idle times and avoiding heavy traffic patterns.
- Establishing situational processes and procedures for a variety of scenarios and circumstances that the fleet may encounter.  
**Example:** A good fleet management program has a detailed plan of action for situations involving on-road incidents, such as vehicle breakdowns, failed inspections, or traffic crashes.

## Benefits of Fleet Management

A successful fleet management program boosts your company's well-being with:

- **Lowered costs, greater returns**—by limiting inefficient business practices such as excessive idling or out-of-the-way travel routes, fleet managers can reduce fuel consumption and increase productivity.
- **Increased overall business efficiency**—the positive results from having a well-run fleet can overflow into other areas of the company as well. Customers receiving their goods and services in a timely manner are likely to become repeat customers. Regular vehicle maintenance can lead to reduced instances of costly vehicle breakdowns that cut into the company's overall annual budget.
- **Improved employee happiness**—an impartial structure and established company policies applied fairly and accurately across all levels of employment leads to increased employee satisfaction with the company and with their own jobs.
- **Strengthened corporate peace-of-mind**—a good fleet management program reassures c-suite individuals and decision-making boards that the company is maximizing its successes and minimizing its risks.

Essentially, it boils down to this: if your business needs multiple vehicles to properly function, you need some form of fleet management to ensure that your fleet is operating safely and to its greatest potential.

## **DIFFERENT TYPES OF FLEETS**

As mentioned earlier, there are many different kinds of fleets, and the type of fleet that your company has will play a big part in determining how you proceed with the establishment of your fleet management program.



## Small Businesses

The U.S. Small Business Association (SBA) defines a small business in the transportation industry as one that does \$27.5 million or less in average annual receipts (for truck transportation) or \$15 million or less in average annual receipts (for transit and ground passenger transportation).<sup>1</sup> Examples of small business fleets include:

- Florist and gift delivery businesses
- Catering and food delivery companies
- Cleaning service companies
- Electrician/plumbing/HVAC companies
- Landscaping businesses



## Large Businesses

Another metric that is often used to differentiate between small and large businesses is employment figures: businesses with more than 500 employees are typically considered large businesses.<sup>2</sup> While there is technically no single agreed-upon threshold for the number of vehicles a fleet requires to be categorized as “large,” bigger fleet businesses tend to have at least 200 vehicles or more.



Examples of large business fleets include:

- Rental car/truck companies
- Moving companies
- Taxi companies
- Delivery companies
- Long haul semi-truck companies

## Determining Your Fleet Needs

The first step to evaluating your fleet management requirements is determining the type of fleet that your company will need. Consider the following discussion questions when mapping out your FMP.

- What is your business classification?  
Does your company fall into the small business category, the large business category, or somewhere in between?  
What industries does your business work within? Does this affect its classification?



- How many vehicles will you need?  
How many vehicles does your company currently have, if any?  
In an ideal situation, how many vehicles would you like to add to your fleet and why?
- What types of vehicles will you need?  
Will you need sedans, delivery vans, work trucks, semi-trucks?  
Will your company require a fleet that comprises several different vehicle types?

## ACQUIRING VEHICLES

After establishing a preliminary list of fleet requirements, you can move forward with the process of acquiring your fleet's vehicles.

### Selecting Your Fleet

As mentioned above, selecting the most appropriate types of vehicles according to your business's purpose is crucial. For example, a residential cleaning service business would probably need sedans and minivans whereas a freight delivery company will likely deal exclusively in heavy duty and super heavy duty trucks.

***"...there may be financial and operational reasons to alternate between procurement methods." - Fleet News***

### Primary Acquisition Options

Companies can acquire vehicles for their fleet through two primary methods: purchasing or leasing. However, you aren't restricted to methodology or the other, as "there may be financial and operational reasons to alternate between procurement methods."<sup>3</sup>

- **Company Vehicle Purchase:** In this type of acquisition, the company directly purchases a fleet vehicle from a trusted source, whether that is a dealership, auction house, or other verified independent reseller. One advantage of buying your fleet vehicles outright is the ability to apply your logo and branding uniformly across your fleet.<sup>4</sup> Also, many car manufacturers and dealerships offer fleet discounts for companies interested in purchasing vehicles in bulk.<sup>5</sup> Unfortunately, there is a heavy front-end financial investment involved in buying vehicles.



- **Company Vehicle Lease:** In the case of vehicle acquisition through leasing, your company would sign a leasing agreement with the organization or business that owns the vehicles. This agreement would cover all the terms of the lease, including monthly payments, maintenance requirements and mileage stipulations, and the length of the lease. When leasing fleet vehicles, you tend to lower monthly costs and have the ability to update your fleet every few years. “Leasing...aligns well with economic life cycling, resulting in the ability to operate a more current fleet of vehicles.”<sup>6</sup> One of the biggest downsides to leasing is that, oftentimes, the lessee is on-the-hook for any damage to the vehicle upon lease termination.<sup>7</sup> Insurance can mitigate this risk, but it still presents an important consideration for the fleet manager.



## Other Considerations

**Green Fleets:** In recent years, as global climate change and environmentalism have moved to the forefront of the public scene, many companies have begun migrating their fleets from traditional fuel sources such as gasoline and diesel to more environmentally friendly options. There are a number of reasons to consider “greener” options for your fleet vehicles. A properly managed green fleet “can significantly reduce lifecycle costs and vulnerability to volatile fuel prices.”<sup>8</sup> Additionally, green vehicles can significantly cut down on your fleet’s emissions, which “is an immediate and meaningful way to reduce your company’s carbon footprint.” Plus, numerous studies have found that consumers view companies more favorably when they have sustainable or environmentally-friendly business practices.<sup>9</sup>

And, while improving your company’s public perception may be reason enough to consider a green fleet, it’s also important to note that recently proposed legislation could force transportation industries to focus on greener fleet options. In a joint effort, the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) introduced “new fuel-efficiency and carbon-cutting standards that would slash pollution by large trucks and other vehicles.”<sup>10</sup>

## **FLEET DRIVERS: HIRING AND TRAINING**

### Hiring

There are a number of different qualifications and characteristics that you should look for when hiring fleet employees. These qualifications will vary based on the classifications of vehicles in your fleet, but good baseline requirements should include the following.



- The applicant must have a valid driver's license with the appropriate class requirements. In many cases, truck drivers may need to have a commercial driver's license (CDL) to operate your fleet's vehicles. Similarly, a driver's CDL must be of the appropriate class for the type of vehicle they will be operating.
- The applicant must have the mental and physical capability of safe vehicle operation. Most types of commercial driving require drivers to undergo a qualified Department of Transportation (DOT) physical to obtain a DOT medical card.<sup>11</sup> This card certifies that the driver has been medically cleared for the demands of a commercial driving job by a Certified Medical Examiner on the FMCSA National Registry.<sup>12</sup>
- The applicant must pass a certified pre-employment drug and alcohol screening.
- The applicant must have an appropriate amount of experience. While this requirement may vary greatly from business to business, you will likely want someone who has had their license for an extended period of time and who has driven in a variety of conditions. Other information you should consider requesting include equipment operated, miles driven, transferable work experience, and a history of stable employment.<sup>13</sup>
- The applicant must have a clean driving record. Each company has different standards for this, but when individuals apply for a CDL, the Federal Motor Carrier Safety Administration (FMCSA) will check driving records going back at least ten years.<sup>14</sup>
- The applicant should provide several references from previous places of employment. As with any job, calling an individual's former employer(s) offers an opportunity to learn about the job candidate from a third party. This allows you to learn about someone's work ethic, on-the-job behavior, personality, skill level, and competence in the field.



## Training

Ideally, your fleet drivers will start at your company with an adequate level of experience and training, but there are advantages to offering supplemental training opportunities. These company-sponsored training programs could include instructions for driving on different types of terrain, first aid training, education on the dangers of distracted and impaired driving, and more. You may also want to offer opportunities for less-experienced members of your team to do ridealongs with veteran drivers for hands-on, real world training.



Additionally, offering both mandatory and optional training programs on a regular basis is a valuable way to keep your drivers up-to-date on industry news and trends, revised company protocols, and any other applicable updates and changes. This combination of ongoing on-road and off-road training initiatives ensures that your drivers will be operating your fleet vehicles safely and effectively.

## FLEET TRACKING

One of the newest major developments in the fleet industry is the dawn and spreading of fleet tracking systems. "GPS fleet-tracking software works in tandem with a piece of GPS hardware installed in the vehicle. It uses global positioning systems (that's what GPS stands for, by the way) via satellites to track vehicles and drivers in real time. It gives users access to real-time updates and alerts using data that is sent directly from the vehicle to the software operator."<sup>15</sup>

"The primary objectives of an FMS [fleet management system] are to improve the management of vehicle fleets and to reduce their operating costs."<sup>16</sup> However, there are a number of advantages to implementing a fleet tracking system into your fleet management program.

- **Operations:** Fleet tracking systems monitor a variety of metrics such as driving routes, idling times, driver down-times, vehicle location, and more. This allows companies to view areas of concern and take steps to make adjustments. For example, month-over-month data might show that drivers on one particular trucking route are spending an inordinate amount of time in traffic. The fleet manager could then evaluate the route and make changes as necessary to save time and improve fleet efficiency.
- **Safety:** Fleet tracking systems can also contribute to an improvement in the overall on-the-road safety of your fleet. The software can identify instances of unsafe driving practices such as hard braking or excessive driving hours. This information provides the company with an opportunity to investigate and have a discussion with the employee before a safety issue becomes a more serious incident. Plus, many insurance companies now offer discounts based on safe driving data garnered from tracking systems.
- **Security:** In the event of an accident or theft, fleet tracking software can be used to monitor and track vehicles by both the company and by law enforcement. Further, it can track who has access to the vehicle and/or the cargo and monitor any unauthorized access.



*"The primary objectives of an FMS are to improve the management of vehicle fleets and to reduce their operating costs." - National Cooperative Highway Research Program*



The biggest obstacle that fleet managers face in the introduction of fleet tracking systems to their companies is employee pushback. Many employees may feel that the introduction of the software is a way for the company to spy on them when, realistically, these systems are designed to keep them safer and help the business improve. Education and training are the best ways to combat employee hesitation towards fleet tracking. "Educating and training employees will help garner support and prevent potential issues. A top-down training method, beginning with your management, is a surefire way to ensure employee confidence."<sup>17</sup>

## SAFETY AND RISK MANAGEMENT

After tackling the process of vehicle acquisition and employee hiring, you'll want to make sure that you take deliberate steps to protect your fleet investments on all fronts. One of the best ways to do this is to institute proactive safety and risk management techniques at all levels of your fleet.

### For Employees

Providing comprehensive and ongoing safety training for employees is one of the best ways to manage many of the operator-related risks associated with fleets. Effective safety training programs can "help effectively reduce accident rates, cut repair costs, lower liability exposure, and decrease a fleet's time-out-of-service ratio through comprehensive driver training."<sup>18</sup>

Additionally, these safety training programs shouldn't be exclusively focused on driving safety. It's a good idea to ensure that all of your company's drivers have some sort of first aid training and/or certification. Similarly, all drivers should know the location of and how to properly use all safety and emergency equipment on the vehicles they operate.

Establishing mandatory fleet-wide safety policies is also a preemptive way to keep drivers safer while on the road. These policies should include guidelines regarding the required use of seat belts, courteous road operation, and what to do in case of a road incident such as a breakdown or collision. Your company should also have a policy covering distracted and impaired driving, which should discuss the acceptable use of mobile devices as well as rules for both passengers and for fatigued vehicle operation. As the fleet manager, you should have each new employee sign a document acknowledging their understanding of each of these safety policies; these documents should be kept on file with other HR paperwork.



## For Vehicles

Establishing safety and risk management policies and programs for the vehicles in your fleet is another way to protect your company's financial investments. While employee-related safety training involves instruction in safe operation, vehicle-specific safety policies primarily surround making sure that the car or truck is road-safe. Fleet managers should develop and implement extensive maintenance and inspection schedules for each fleet vehicle. These guidelines should be regularly documented and updated as necessary.

## A Culture of Safety

Overall, cultivating a culture of safety in your company is one of the most important things you can do as a fleet manager. This can be achieved by putting a focus on safety at every level of the organization, from executives to new hires. Establish a company that prioritizes safe and responsible driving practices (and, in turn, responsible fleet management practices), and you will create benefits for employees and employers alike. Furthermore, "[i]n many instances, companies that promote this culture of safety find that it actually translates into additional revenue opportunities for them as their customers see them as valued members of the business community and, as a result, are more inclined to seek out their services or products."<sup>19</sup>

## **MAINTENANCE, INSURANCE, AND ROADSIDE ASSISTANCE PROGRAMS**

### Fleet Maintenance Programs

As discussed before, having an established maintenance program for your fleet is an excellent way to manage risks, ensure safety, and minimize spending. The topic of maintenance as a whole can generally be broken down into three primary categories, regardless of the type of fleet vehicle or company.

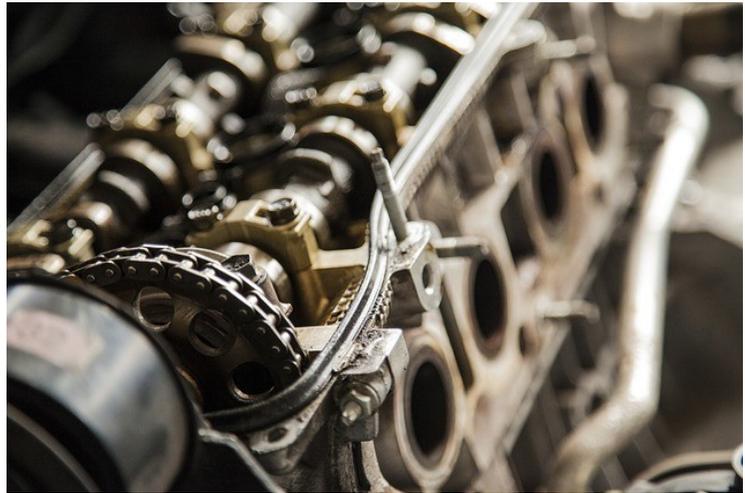


- **Preventive Maintenance (PM):** much like preventive medicine, this type of maintenance focuses on maintaining the overall "health" of the vehicle while keeping an eye out for any potential problems developing. "Most of the work in getting started on a PM plan is figuring out where your vehicles stand in their state of maintenance...The last chunk of the plan is practicing ongoing PM – a process that will save your fleet money over the long run."<sup>20</sup> Examples of preventive



maintenance include tire tread and tire pressure checks on a weekly basis, and employee awareness and reporting of any sounds, lights, or gauges that may indicate an issue.

- **Routine Maintenance:** similar to preventive maintenance, this type focuses on work that necessarily occurs on a regular basis for every type of vehicle. These services include oil changes, tire rotations, engine fluid checks, engine cleanings, and more. The frequency at which these services must be performed is dependent on the type of vehicle and its travel schedule. While consistent preventive and routine maintenance is crucial to keeping your fleet up and running smoothly, it's important to remember that there is such a thing as too much maintenance. If, for example, unnecessary engine work is being done on a truck, the company is losing money in the service itself and in lost on-the-road time. "Vehicle servicing is a compromise between inadequate attention, resulting in progressive deterioration in condition and the ensuring serious consequences, and too much attention, which is costly and unnecessary."<sup>21</sup>
- **Emergency Maintenance:** as its name suggests, emergency maintenance is unscheduled and generally cannot be planned or anticipated. Ideally, with an excellent preventive and routine maintenance policy, a company can avoid any major emergency maintenance issues. However, certain scenarios, such as tire blowouts caused by objects on the road, cannot be foreseen or prevented. For that reason, your company should have an established mechanic (in-house or not) as well as a plan for how to arrange transportation of fleet vehicles in the case of a breakdown while on-the-road. You can't predict when a vehicle incident will occur, but one of the best ways to plan for unexpected emergency maintenance is by investing in a comprehensive [fleet roadside assistance program](#). It's important to pick a roadside assistance program that has options to make your coverage customizable to the exact specifications of your fleet and that the coverage is available wherever your fleet travels.



## Insurance

Insurance, in general, is a complicated and involved industry, and fleet insurance policies are no exception. "Fleet insurance gives you room to cover all your vehicles under one policy, even if you have a few different models. The upside of this is that you don't have to spend time pulling together figures for



every vehicle you look after.”<sup>22</sup> While it's difficult to give specific advice for which insurance plan will be best for your fleet, there are a number of best practices to follow to ensure that you are getting the right coverage for the most affordable price.

*“The upside of [fleet insurance] is that you don't have to spend time pulling together figures for every vehicle you look after.”*

*- The Guardian*

- **Shop Around:** As with many other types of insurance, it's a good idea to get a wide range of quotes from a variety of different insurance providers before deciding. This will give you an idea of the different offerings and pricing tiers in your operating sphere. Additionally, you will want to make sure that your plan provides the right coverage for *your* specific fleet. Consulting with others in your industry and business connections with similar fleets can also help you to understand your insurance needs and the insurance providers in the industry space.
- **Conduct Annual Reviews:** Your fleet and your company as a whole will probably change from year to year. Remember that your insurance policy may need to change as well. Annual reviews give you the opportunity to evaluate the company's insurance needs and whether your current policy is meeting those needs. These reviews can also help you to analyze claims and identify steps you can take to minimize insurance costs in the future.<sup>23</sup>
- **Plan for the Future:** It's important to make sure that the fleet insurance you acquire is flexible enough to account for any fluctuations that may occur over the course of the year. For example, make sure you know how your plan will change if you add five new drivers or purchase five new delivery trucks in a calendar year. Additionally, many insurance companies offer significant discounts to companies whose fleets use fleet management software, specialized training programs, and enhanced security measures. If your company doesn't already have these programs upon initial insurance purchase, it may be worth considering adding these aspects to your fleet management in the future to take advantage of these discounts.



## CONCLUSION

Fleet management is a complex and largely data-driven process that requires involvement in every part of a company's fleet. A successful fleet management program will track, analyze, and work to optimize every aspect of the fleet, which encompasses hiring and training drivers, acquiring vehicles, tracking the fleet, regulating maintenance and safety protocols, mitigating risk, and preparing for all operation situations.



While it may require a significant amount of work at program outset, you will see benefits on every level of your organization, which will greatly outweigh the front-end labor. The bottom line is that there are innumerable advantages to developing and implementing a successful fleet management program, including increased profits, decreased unnecessary expenses, improved employee retention and happiness, and better risk management.

- <sup>1</sup> [The U.S. Small Business Administration—Summary Size Standards of Industry by Sector](#)
- <sup>2</sup> [The Houston Chronicle—The Difference Between Big Businesses and Small Business](#)
- <sup>3</sup> [Fleet News—Creating an Effective Fleet Strategy](#)
- <sup>4</sup> [HVACR Business - 5 Advantages of Fleet Management](#)
- <sup>5</sup> [All Business - Purchasing Fleet Vehicles for Your Business](#)
- <sup>6</sup> [Ewald Fleet Solutions—Leasing vs. Buying Vehicles](#)
- <sup>7</sup> [Glesby Marks—Seven Key Advantages of Fleet Leasing vs. Ownership](#)
- <sup>8</sup> [Field Logix—Three Benefits of Green Fleet Management](#)
- <sup>9</sup> [Sustainable Brands—New Nielsen Study Says Consumers are Ready to Pay for More Social Responsibility](#)
- <sup>10</sup> [U.S. News & World Report—EPA Moves to Slash Truck Emissions](#)
- <sup>11</sup> [FMCSA—How Do I Get a Commercial Driver's License?](#)
- <sup>12</sup> [DOT Physical Doctors—Miscellaneous Questions](#)
- <sup>13</sup> [Tweak Your Biz—10 Fleet Driver Selection Tips](#)
- <sup>14</sup> [FMCSA—States](#)
- <sup>15</sup> [Business News Daily—Choosing a GPS Fleet Tracking System](#)
- <sup>16</sup> [National Cooperative Highway Research Program—Costs of Alternative Revenue-Generation Systems](#)
- <sup>17</sup> [Automotive Fleet Magazine—8 Steps for a Successful Fleet Tracking Rollout](#)
- <sup>18</sup> [Automotive Fleet Magazine—Fleet Safety Training Must Fit a Company's Culture](#)
- <sup>19</sup> [Work Truck Magazine—7 Keys to Crafting an Effective Fleet Safety Policy](#)
- <sup>20</sup> [Business Fleet— How to Start a Preventative Maintenance Plan for a Small Fleet](#)
- <sup>21</sup> [Logistics Operational Guide—Fleet Management](#)
- <sup>22</sup> [The Guardian—What to Consider When Starting a New Fleet](#)
- <sup>23</sup> [The Houston Chronicle—How to Lower Your Commercial Fleet Insurance](#)

