

The importance of fleet right-sizing

And how it can help cushion your business against sudden economic change

What is fleet right-sizing?

Fleet rightsizing is a proactive management strategy, by which fleet managers assemble a fleet that is suitable for purpose, whether delivery, passenger carrying, remote service engineers, a fleet of sandwich vans and so on, the fleet must be comprised of the right number of vehicles suitable for the purposes for which they are being used.

The “size” of the fleet covers two distinct categories:

- *The size of each individual vehicle within the fleet i.e., small vans (such as the Citroen Berlingo with 1000kg load weight), large vans (like the Mercedes-Benz Sprinter with a 3500kg load weight), Luton vans, Minibuses, MPVs and so on.*
- *The size of the fleet in terms of number of vehicles required to meet business demand.*

Fleet right-sizing is the strategy used to optimise the two. Fleet optimisation is also a management strategy that, in addition to the bullet points above, includes consideration in terms of fuel efficiency (in accordance with load, journey type and distance), vehicle cost (capital or leasing costs – is it better to buy or lease?), lifetime costs (running costs, tax, insurance, maintenance, repair, tyres and so on).

Meeting the ebbs and flows of business demand

Markets continually change for every business. Customer demand ebbs and flows, some businesses have seasonal markets, others a continuous cycle of growth and decline - to say nothing of the sudden global economic impact of pandemics. Part of a fleet manager’s job is to optimally manage these cycles and fluctuations in demand. Fleet right-sizing and optimisation is often directed when management needs to evaluate the business and cut overheads. However, experts warn that this is a poor strategy. Instead, fleet right-sizing should be carried out on an ongoing basis as it’s about configuring, deploying and utilising the fleet in the best way possible – and that’s a continuous endeavour, or should be.

The COVID pandemic has brought fleet rightsizing to the fore. As increasingly more people work from home, many employers and employees alike are waking up to the fact that company cars (perk cars as they’re known) are an often unnecessary, expensive and (more recently) redundant luxury. Both parties are paying for an assets that sits in a car park or on a driveway most of the time.

Mistakes in fleet right-sizing are all too common

Industry expert and ex-ALD UK managing director Keith Allen, says he sees mistakes in fleet right-sizing often and thinks it’s a shame that business owners don’t put more emphasis into this important aspect of fleet management.

“I’ve seen it dozens of times, when fleets end up with idle vehicles that were purchased and allocated but then not used because of changes in staff, business or company policy. They quickly become a redundant, a wasted resource that costs money to insure and maintain. It’s a shame when so much can be done to alleviate this waste.”

Maybe leasing or buying a full fleet is not the answer, especially now as business continuity is so uncertain. A better strategy is to lease a skeleton fleet and look at short-term rental or subscription to meet transient demand. These two alternative options may be more expensive in the short-term but in the long-term, the cost savings will be significant.”

Steps for fleet right-sizing

The first step to fleet rightsizing is to evaluate the fleet in accordance with the needs of drivers and the business as a whole. Assess how much vehicles are actually used. For this, technology is a must. A fleet management platform, with dedicated carpool functionality, can help the fleet manager track vehicles; mileage, fuel consumption, routes travelled and so on.

This data can enable the fleet manager to evaluate each vehicle and establish whether it can be replaced, reassigned to another area of the business or removed. It can also help asses if routes can be rearranged more effectively. This will help reduce fuel and general operational costs. It will also help the fleet manager evaluate the type and size of vehicles that are required. Can the same amount of business be done with smaller, more fuel efficient vehicles, or would reducing the number to fewer, larger vans be better?

10 Tips for fleet right-sizing analysis:

1. *Count the number and type of vehicles you have and their location.*
2. *Log vehicle specifications, class, type and what they are assigned for.*
3. *Check each vehicle's expected lifecycle (check industry or manufacturer benchmarks).*
4. *Examine maintenance records (planned maintenance and repair costs), which vehicles performed well, which ones didn't?*
5. *Review fuel consumption – are vehicles performing as expected on the fuel front?*
6. *Reassess overall vehicle utilisation.*
7. *Look at vehicle downtime – which vehicles had the most and why? Does it tell you anything about reliability or driving behaviour?*
8. *Consider using non-fleet vehicles to meet transient demand (short-term rentals, subscription, grey fleet). However, bear in mind that fleet policy may need to be amended to permit such use.*
9. *Evaluate metrics – useful metrics are: mileage per year, fuel purchased, number of days per week/month/year the vehicle is used.*
10. *Assess the number of times a driver request for vehicle wasn't met from the existing fleet pool.*

This analysis will highlight which vehicles are under-utilised and which are in the wrong location. It will also show if sub-fleet pools should be merged.



4 Key Points to Decide Whether to Keep Vehicles or Not:

1. **Keep a vehicle if:** *it is within its lifecycle, costs are within range and it is being well utilised.*
2. **Replace a vehicle if:** *it is at the end of its lifecycle but is well utilised.*
3. **Reassign a vehicle if:** *it is within its lifecycle, costs are in range but it is not being well utilised.*
4. **Dispose of a vehicle if:** *it is at the end of its lifecycle and is not being well utilised.*

The benefits of pooling vehicles

An important strategy is to pool vehicles. Optimally managing the carpool is a critical element of fleet right-sizing – and this is why **Bynx** has designed the **Bynx** CarPool app and the **Bynx** Short Term Rental module with utilisation and utilisation reporting at its forefront. **Bynx** helps maximise the use of vehicle assets. It controls the vehicle lifecycle and the vehicle pool. Route monitoring, via GPS and telematic links to carpool, means you can track vehicle movements. Detailed reports can be extracted and used to improve fleet decision-making. **Bynx** is easy to set up and simplifies compliance with Health & Safety legislation. Users can configure the system in accordance with their business needs, plus control permissions and authorisation.

Opening the carpool up to more drivers

There is a mobile app within **Bynx** that gives drivers access to the carpool from where they can select, book and pay for (if applicable) a vehicle, set trip locations and booking additions, such as accident waiver. They can also use integrated maps to pinpoint trip way points. The app then creates a route planner and supports vehicle remote access, so there is no handling of keys or fobs to manage.

Many people want an ideal future in which there are fewer vehicles on the roads, reduced congestion and cleaner air and that each and every one of those vehicles is used optimally. If it's a passenger vehicle, every seat is occupied, a commercial delivery vehicle – carrying its optimal load (most of the time) and company car parks will be empty of unused assets as employees embrace new mobility initiatives such as car-sharing, ride-hailing and alternative forms of transport. However, if fleet managers are to play their part in this, fleet right-sizing needs to make its way up the boardroom agenda and onto the regular "To Do" list.

To talk to us about fleet right-sizing, fleet optimisation and how **Bynx** can help you get more out of your vehicle assets, [get in touch](#).