eBook

The Five Best Ways to Reduce Fuel Costs

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Executive summary

Fuel is one of the largest fleet operating expenses, so to stay competitive while keeping operating costs down efficient fuel utilization is essential.

A fleet management solution can be used to provide visibility into these five key areas and can have a big impact on reducing fuel costs:

- Reduce speeding
- Reduce unnecessary idling
- Reduce vehicle maintenance
- Reduce vehicles required
- Reduce fuel slippage

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Reduce excessive speeding

One of the fastest ways for companies to save money at the pump is to reduce excessive speeding. According to the U.S. Department of Energy, every 5 mph driven over 50 mph is like paying an additional $0.18 per gallon for fuel.[1] When multiplying $0.18 per gallon of fuel[1] across an entire fleet over a year, it is easy to see that excess speed can be costly.

To identify where excess speeding is a problem in your company, use a fleet management solution to detect and record vehicle speeds and compare them against posted speed limits. If an issue is identified, here are some recommendations to curb excess speeding with teams in the field.

- Set speed limits on roadways and freeways to levels 5 or 10 mph max over the limit
- Set up alerts that let supervisors know about any speeding events over the posted speed limit
- Coach drivers on the importance of slowing down and watching RPMs to increase MPG
- Reward and commend drivers who stay within speed range

1 http://www.fueleconomy.gov/feg/driveHabits.jsp

Find a solution that offers:

- Customizable reports and dashboards that provide insights into driving KPIs.
- Customizable alerts that allow speed thresholds to be set (speed limits are updated often; make sure the solution you select allows you to make edits to ensure data accuracy in reporting).
- In-cab coaching and alerts.
- Driver scorecards that rank and normalize driver behavior.

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Identify and manage excessive idling

Engine idling can waste as much as one gallon of fuel per hour according the energy.gov. It's been reported that each year U.S. passenger cars, light trucks, medium-duty trucks and heavy-duty vehicles consume more than 6 billion gallons of diesel fuel and gasoline – without even moving.[1]

In the same way speeds can be monitored, fleet management solutions identify where excessive idling is an issue and allow operations leads to set rules to bring it under control. For example, limit idle time and set alerts for idle time above a set time period. Always coach drivers on best practices and reward drivers who show improvement in their idle times with tools such as in-cab alerting and driver scorecards. Not all idle behaviors are made the same, the solution you select should understand productive vs. non-productive idle. Taking a proactive role in managing idle time will go a long way to help increase savings at the pump.

How do companies know how much time their fleets spend idling?

Is there a straightforward way to identify where excessive idling is taking place? Fleet management solutions provide detailed reports to pinpoint when trucks are unnecessarily idling and include:

- Warming up the engine longer than necessary
- Leaving the engine running during stops or deliveries
- Keeping the engine running in order to operate radios and equipment in the vehicle

[1]According to the U.S. Department of Energy - afdc.energy.gov/conserve/idle_reduction_basics.html

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Better maintenance equals lower fuel costs

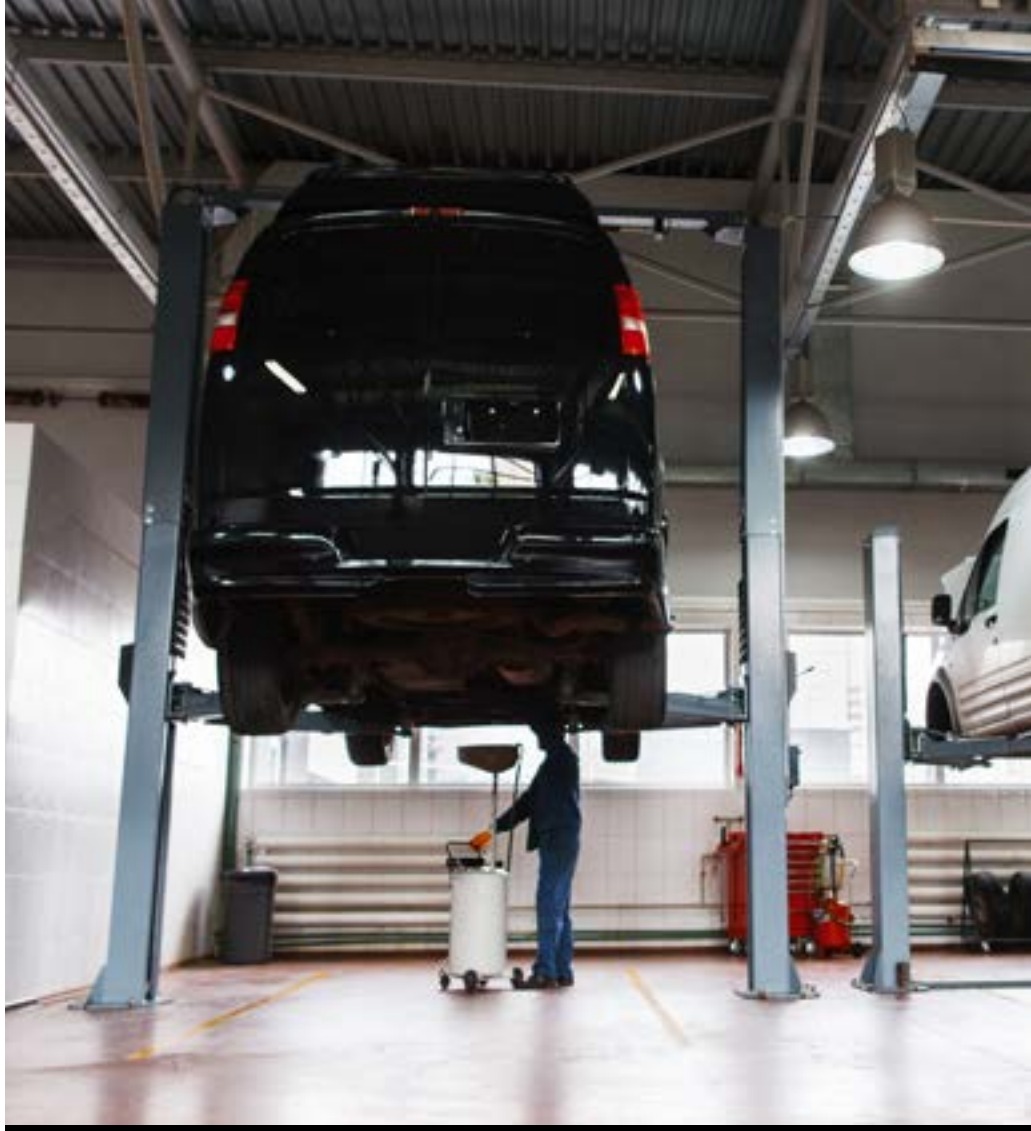
Proper maintenance is also important in the fuel economy equation.

To ensure vehicles are operating optimally at all times, it can help to identify the precise best time to perform maintenance.

How do companies establish sufficient notice of upcoming preventive maintenance service so it can be scheduled without disruption to their workflows? An integrated fleet management solution can help automate these processes with real-time maintenance alerts on vehicles and with route planning tools that adjust routes seamlessly to make up for vehicles out for maintenance or repair.

Here are some important maintenance areas to remember with regard to fuel economy:

- Maintain proper tire inflation pressure; check tire wear
- Replace fuel filters at the proper intervals
- Keep all axles aligned to minimize rolling resistance. Repair vehicle body damage
- Use recommended grades of motor oil



Keep vehicles in shape.

Keeping vehicles in shape can improve gas mileage by an average of 4% or $0.10 per gallon. This again will multiply with the savings per gallongallon, according to FuelEconomy.gov. This again will multiply with the savings per gallon across the entire fleet.

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Improve navigation & delivery schedules

The most expensive mile you'll ever drive is the one you didn't need to.

According to ATRI, the operational costs of trucking is $1.592 CPM.[1] Assume a company's average out-of-route (OOR) miles driven per vehicle is 5% and they drive 100,000 miles per year – that equates to $7,960 per vehicle/year in OOR miles driven. Multiply that across an entire fleet and excess cost quickly adds up. A comprehensive fleet management solution can provide the tools needed to effectively identify and cut OOR miles.

Integrated commercial navigation can give drivers critical information to reduce mileage when in route, including:

- Near real-time road network updates (storm/weather closures)
- Yard approaches and yard exits
- Configurable Out of Corridor alerting
- Company specific points of interest to support use of preferred fueling locations

Additionally, take the guesswork out of delivery scheduling with routing software that integrates seamlessly with other fleet management technologies. Set the best schedules and optimized routes to reduce mileage, while taking into account some key factors, including:

- Driver and vehicle availability
- Frequency of visits
- Customer requests and SLAs
- Loading and unloading

Optimized navigation and delivery schedules can mean not only fewer miles driven and lower fuel consumption but also less vehicle maintenance and overtime for teams.

[1] American Transportation Research Institute - An Analysis of Operational Costs of Trucking: 2017 Update.

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Fuel slippage

Unfortunately, as the price of oil increases, there is an increasing chance that your fleet could be at risk from fuel theft.

Fuel theft and unauthorized fuel purchases could be hurting your business more than you realize.

A built-in fuel efficiency module that can monitor each vehicle's fuel usage, fuel economy and mileage can help detect any abnormalities when compared against vehicle averages. In addition to tracking fuel usage, fuel card integration can help with cost reconciliation. Integrating your fuel card with your telematics solution also makes it easy to identify fraudulent card use by comparing fuel card use to the actual location of the vehicle. Identify fuel card abuse by reviewing instances where your vehicle was not present at the fueling station when the assigned fuel card was used or when the driver purchased more fuel than the vehicle's tank can actually hold.

Built-in fuel efficiency module that can monitor each vehicle's fuel usage.

Identify fraudulent card use by comparing fuel card use to the actual location of the vehicle.

Help detect any abnormalities when compared against vehicle averages.

Fleet management can help reduce fuel costs.

These fuel savers can help companies be on their way to achieving better fuel economy. Using an advanced fleet management solution can help decrease speeding and idling, and improve maintenance and delivery schedules.

Learn more at verizonconnect.com or call 866.844.2235

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