

4 Ways to Save the Most Money on Fleet Vehicles

It is important for companies that operate vehicles for their business to change their focus from only considering the initial cost of the vehicle to evaluating the total life-cycle cost. This change in principle can greatly reduce the total fleet expense for the organization. Obtaining a vehicle for a lower cost is important, but what is more important is the anticipated cost of depreciation, fuel, and maintenance that each vehicle in your fleet will incur. These costs can vary greatly among vehicle options, and can significantly impact the overall cost of the fleet. Choosing a higher priced vehicle, whose overall cost per mile is lower, will end up costing you less in the long run. Even if you only save \$.05 for every mile driven, if your entire fleet drives 1,000,000 miles per year, the result will be a **\$50,000 savings** per year.



The key is to track all of the fleet expenses on the individual vehicle level. After all, **you can't manage what you don't measure**. It is also necessary to keep the data in an easy to compare format, and to be able to calculate the cost per mile for each vehicle in your fleet, even if you only have a couple vehicles. Being able to manipulate the data, is essential for gaining insight into your fleet expenses, and developing strategies to lower your costs.

Here are 4 steps that you can take to reduce your overall operating costs:

1. When acquiring a vehicle, consider the resale potential of the vehicles. Research how the resale values compare to similar vehicles.
2. Research and create a plan to replace your vehicles at a set timeframe or mileage, and stick to it. Not only will this keep your vehicle costs lower, you will convey a positive company image.
3. Control the fuel costs. The volatility of fuel prices can affect your fleet budget in a big way. Pump prices can't be controlled, but searching for the lowest fuel prices, putting controls in place to monitor fuel usage, and training drivers can impact fleet fuel costs in a positive way.
4. Having a maintenance management program in place will reduce the maintenance costs of your vehicles, both scheduled and unscheduled repairs. A maintenance management program will ensure that scheduled maintenance is done on a regular basis and monitor all repairs.

Along with following the steps above, there are a myriad of ways to lower your total life cycle costs. Considering costs beyond the initial price of the vehicle will have a huge impact on your total fleet costs, whether you have one vehicle or hundreds. Ewald Fleet Solutions is here as a partner and consultant, to help you navigate through the complexities of determining a cost effective vehicle life cycle plan.