

Total Rightsizing | Questions & Answers

Webinar January 30th, 2019

Q: What do you mean by 'rightsizing'?

A: Rightsizing, in the context of fleet management, refers the process of restructuring or reorganising an organisations fleet resources (vehicles, drivers) in an effort to get the highest possible value from the services. In other words: having the right type and the right number of vehicles to meet the transport needs of programmes. Sometimes rightsizing is called 'optimizing'.

Q: What are the benefits of rightsizing?

A: There are multiple benefits. If your fleet is of the right size and the right composition, your organisation could achieve greater cost-efficiencies. These efficiencies are not only related to the vehicle costs but also driver related expenses (training, recruitment, salary etc.).

Eliminating an unnecessary asset could mean one less driver you'll need to hire. And given the cost of recruiting and retaining drivers, plus the difficulty of finding them in the first place, this is no small benefit.

Using the right type of vehicle has benefits for the environment, as well as your costs. When your organisation uses, for example, only small sedans in the city, it has a positive impact on the environment as well as your fuel bills.

Q: How do I know what type of vehicles my organisation needs?

A: We advise that you list all the activities of your organisation that require transport and what you expect from a vehicle. Questions that you also have to consider are for example how many people need transport and what kind of operating environment the vehicle is used in. On Fleet Forum's Knowledge Platform you can find a useful [article](#).

Q: How do I know how many vehicles my organisation needs?

A: We advise you to use Fleet Forum's [Asset Planning Tool](#) which can be downloaded from the Knowledge Platform.

Q: How strictly do I interpret the outcome of the Asset Planning Tool?

A: The tool provides you guidance, based on data from your organisation but it is up to you to make decisions, especially when the outcome of the tool does not provide you with round numbers. For example: if the tool suggests that you need 3,2 sedans, it is up to you to decide whether you need 3 (rounding down) or 4 sedans (rounding down).

Q: I sometimes hear the phrase 'Christmas shopping' in relation to rightsizing. What does that mean?

A: This term relates to the practice in many agencies to spend unused funds around the December period. A common way to do this is to buy vehicles. The end result is that organisations acquire assets that they do not need. Fleet Forum does not support this way of building this fleet as it is not in line with cost-efficiency principles.

Q: When should I conduct a right sizing exercise?

A: Fleet Forum advises to look at the size and composition of your fleet at a minimum on a yearly basis, preferably during the time when your organisation is creating its annual (operating) plans. This is an excellent time to sit with your colleagues from Programmes and Administration to identify what their transport needs are. Other moments can include when your organisation is facing a (sudden) increase or decrease in transport needs,

for example during emergency response or closure of programmes. As a fleet manager you should then, based on the increased need for transport and the duration of that need, make decisions whether you rent additional vehicles or purchase them.

Q: Your tool advises me to reduce the number of vehicles. But we operate in a very special environment that requires all the vehicles we currently have. What do I do?

A: When calculating the 'right size' of the fleet we already consider the so-called safety factor, which is normally placed at 25%. This safety factor can be adjusted to meet the specific requirements of your operating environment. However, it is Fleet Forum's experience that a higher safety factor originates more in poor time management and poor planning of transport than reflecting real transport need.

Q: Our staff is using our vehicles to commute to and from the office, it is perceived as an entitlement in their contract. How is that affecting the size or composition of our fleet?

A: If the vehicles are only used for staff commute (at the start and end of the day) than we advise you to look into other solutions for the staff. In many locations it is possible to fulfil this transport need by installing a staff bus or to use safe and reliable taxi services, which in most cases will be more cost effective. Unless the right to use a vehicle is explicitly stated in staff contracts, you should also point out to the organisation that staff access to transport is not the same as having the right to a vehicle.

Q: You mention that we should use sedans or town cars for our trips in urban areas. But in my city, it is better to use a 4x4.

A: If your operating environment requires a 4x4 than you should use it. However, in many (if not most) cities a town car can operate perfectly well.

Q: When we look at the size of our fleet, what utilization rate do you recommend?

A: Fleet Forum recommends to be very critical towards vehicles which are only driving 15,000 kilometres per year. When we consider that on average a vehicle cost USD 15k per year to operate, a simple calculation shows that in this case your cost per kilometre is USD 1, which is far from cost effective.

Q: Why is management support important in relation to right sizing or optimising the fleet?

A: As a fleet manager you can make suggestions regarding the types of vehicles and the numbers. However, in many agencies the budget holders at senior management level have the authority to implement your recommendations.

Q: Use of drivers with short term contracts, is this a good way to manage costs when rightsizing?

A: This is a good approach when your organisation is confronted with short term peaks in transport demand, as it gives you more flexibility.