



WHITE PAPER

Factors that influence fleet operating costs

Introduction

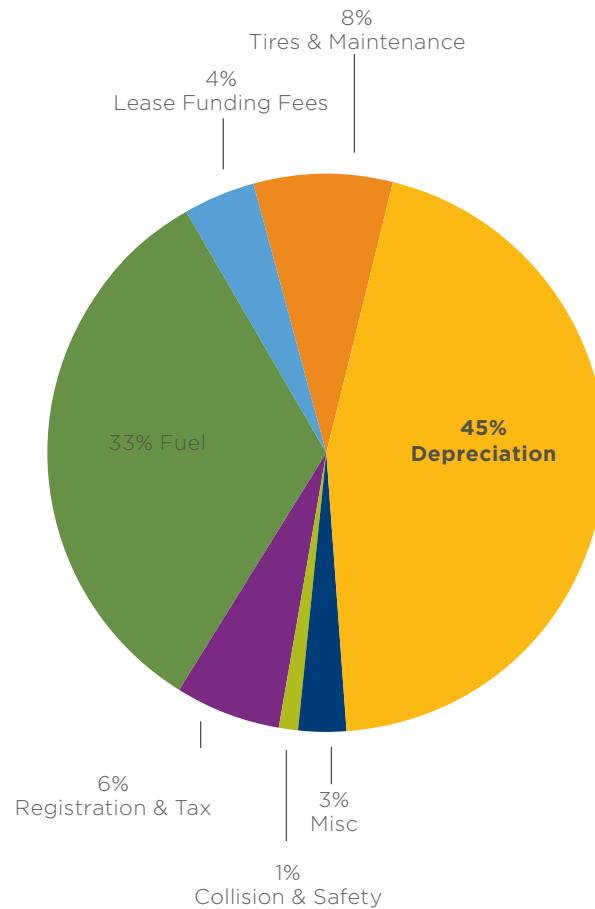
One of every fleet manager's major goals is to ensure that the fleet is operating in the most cost-effective manner by identifying opportunities for cost savings which have not been fully realized.

The following pages outline the most significant factors that ultimately affect fleet costs. Information is presented in a hierarchical format, grouping items by major cost categories: depreciation, fuel, maintenance, lease funding & fees, registration & tax and collision & safety. The impact of personal use policies and charges is also addressed.

For each factor presented, we also provide a general assessment of the potential impact each factor has on drivers. As certain factors can greatly affect drivers and overall fleet costs, others moderately, and still others only slightly, we have assigned differing levels of impact accordingly.

This information can be used as a checklist to determine if all opportunities are being pursued. The ranking of potential impact, while general in nature, may help establish a prioritization of new opportunities for your fleet.

Depreciation: 45%

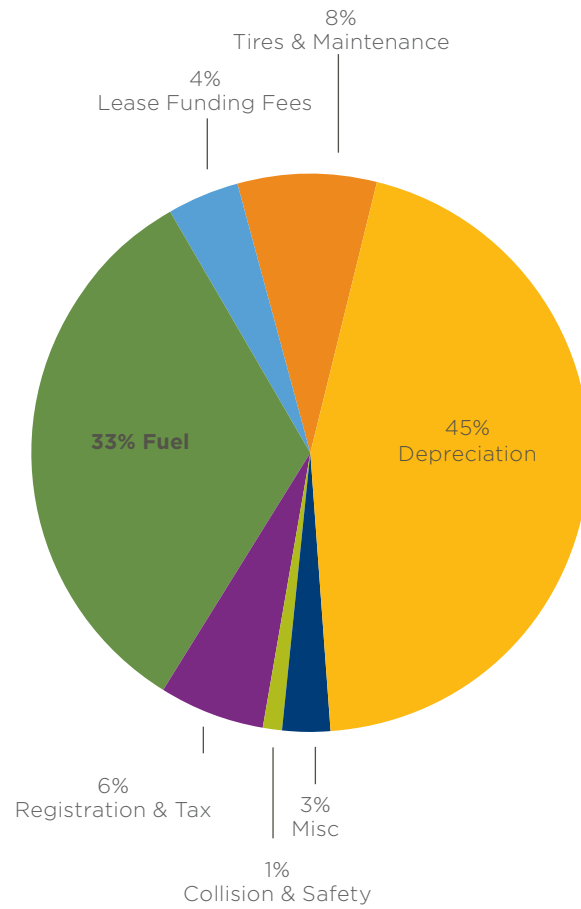


	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Acquisition costs		
Manufacturer's published price		
Basic vehicle price	▲	▲
Optional equipment	●	▲
Optimize specifications	●	▼
Standard discounts and incentives	▲	▼
Negotiated price		
On routine acquisitions	▲	▼
On non-volume purchases	▼	▼
Negotiated incentives		
Volume commitments	▲	●
Single source supplier	▲	●

Depreciation: 45%

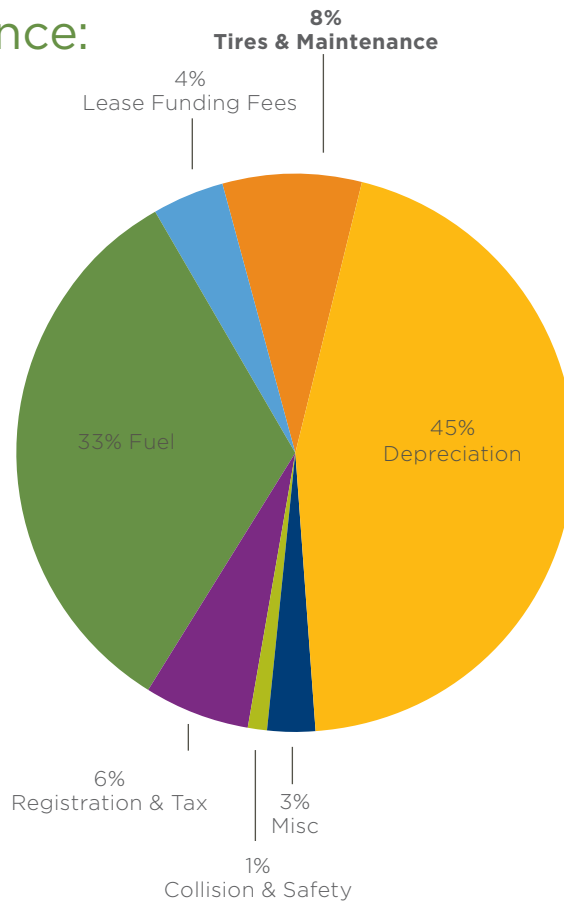
High impact ▲ Medium impact ● Low impact ▼	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
Planned purchases		
Order timing	▲	●
Minimize emergency purchases	▲	●
Resale value sale timing		
Take advantage of market peaks	▲	▼
Replacement cycling		
Vehicle age	▲	▲
Vehicle mileage	▲	▲
Driver/Employee sales		
Promote sales to drivers/employees	●	▲
Employee price quotation policy	●	▲
Resale effort		
Expertise	▲	▼
Willingness to relocate vehicles	●	▼
Promotional sales	●	▼
Timing	▲	▼
Vehicle condition		
Care during vehicle's life	▲	●
Driver concern	▲	●
Vehicle popularity		
Make & model	▲	▲
Color	▼	●
Equipment	●	▲

Fuel:
33%



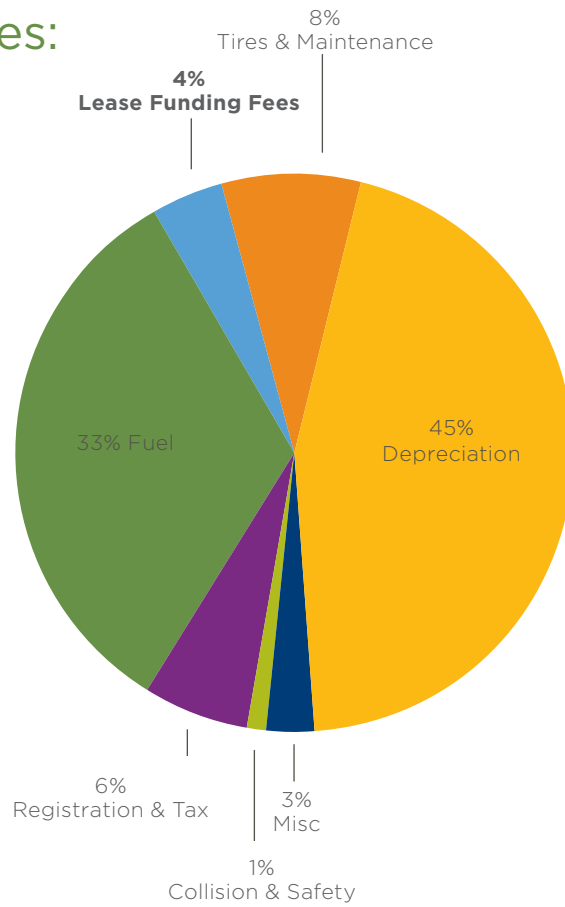
High impact ▲ Medium impact ● Low impact ▼	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
Purchase control		
Validation of fuel purchases	●	●
Fuel impact		
Regular grade vs. premium grade	▲	▼
Vehicle MPG	▲	▼
Driving habits	▲	●

Tires & Maintenance: 8%



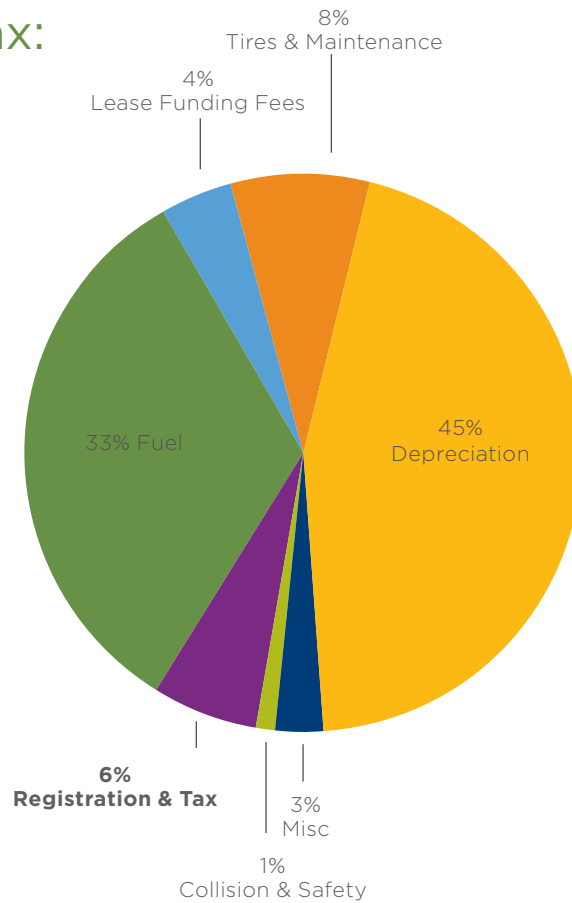
	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Preventive		
Avoid costly repairs	▲	▲
Ensure warranty coverage	▲	▲
Manage costs		
Use of designated facilities	●	●
Validation of work required	▲	●
Vehicle maintenance cost	●	▼
Warranty coverage		
Select cost-effective coverage	●	▼
Negotiate out-of-warranty coverage	●	●

Lease funding fees:
4%



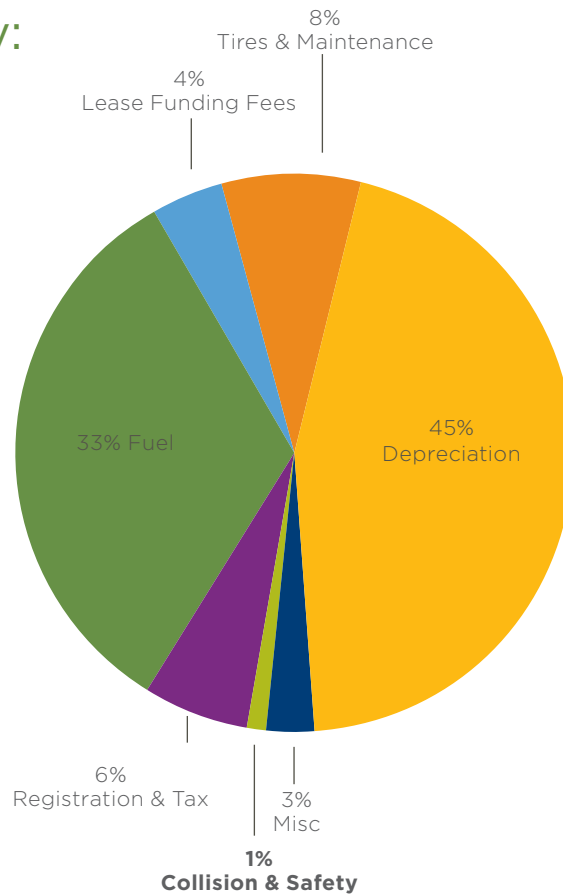
	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Rate index	▼	▼
Fixed/float	▲	▼
Timing of interest charges		
When do charges begin?	●	▼
When do charges end?	●	▼

Registration & tax: 6%



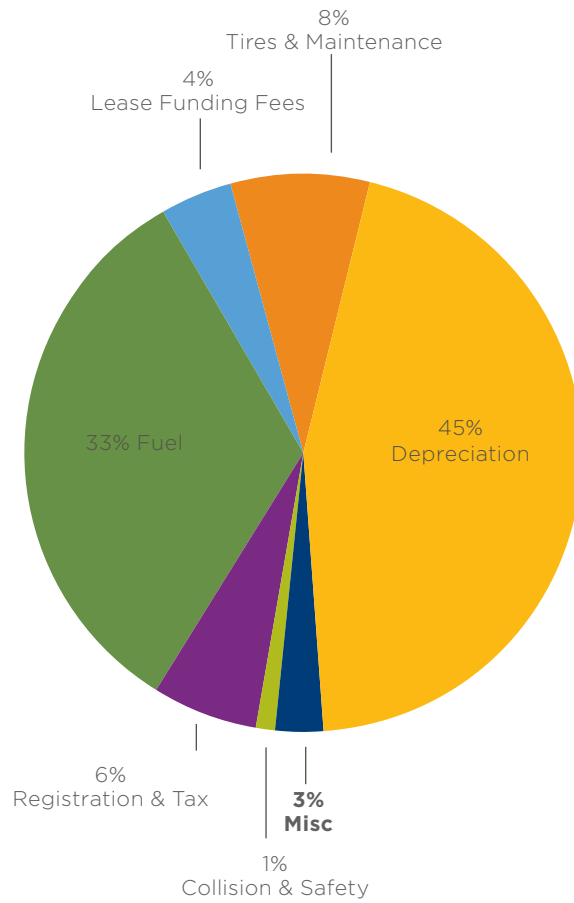
	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Managed costs		
Payment timing	▼	▼
Challenge charges	●	▼
Location management		
Lease or own by state	●	●
Vehicle garaging	▼	●
Renewal control		
Renew only when necessary	▼	▼
Automated renewal	▼	▲

Collision & Safety: 1%



	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Managed costs		
Using designated facilities	●	●
Validation of work performed	●	●
Vehicle repair cost	●	▼
Lower incident rate		
Safety policy	●	▲
Safe driving training	●	▲
Driver habits/profile	●	▲
Subrogation		
Collect from at-fault parties	●	▼

Miscellaneous: 3%



	POTENTIAL IMPACT	
	On overall fleet costs	On the driver
High impact ▲		
Medium impact ●		
Low impact ▼		
Controls on use		
Define, limit or prohibit use	▲	▲
Charge backs		
Subsidize personal use	▲	▲
Recover incremental costs	▲	▲
Recover value	▲	▲