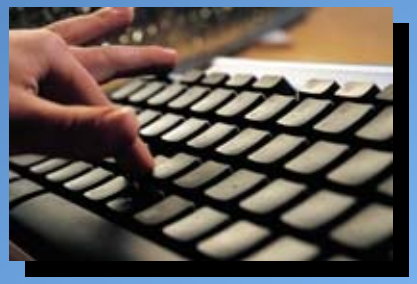

BUSINESS PLANS AND SLAs

2008 FLEET MANAGEMENT CONFERENCE AND EQUIPMENT SHOW

RMFMA

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OVERVIEW OF SESSION

- INFLUENCE AND VALUE- WHY YOU NEED IT
- EFFECTIVE COMMUNICATION STRATEGIES
  - BUSINES PLANS
  - SERVICE LEVEL AGREEMENTS
  - OTHERS

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VALUE DEFINIED

- A FAIR RETURN IN GOODS, SERVICES, OR MONEY FOR SOMETHING EXCHANGED
- THE WORTH OF A GOOD OR SERVICE IN TERMS OF THE USEFULNESS OR IMPORTANCE TO THE RECIPIENT

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THE VALUE PROPOSITION

- PEOPLE CHOOSE WHICH GOODS AND SERVICES THEY WILL PURCHASE BASED ON AN ASSESSMENT OF BOTH PRICE AND QUALITY

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THE VALUE PROPOSITION

- THE LESS IMPORTANT AN ITEM OR A SERVICE IS PERCEIVED TO BE, THE MORE LIKELY THAT PRICE WILL BE THE DETERMINING FACTOR IN THE PURCHASING DECISION

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THE VALUE PROPOSITION

- SO, DO YOU WANT TO BE VIEWED AS A LOW COST PROVIDER OF NOT SO IMPORTANT SERVICES OR AS A HIGH QUAILTY PROVIDER OF VALUABLE SERVICES THAT ARE ESSENTIAL TO YOUR CUSTOMERS' SUCCESS?
- DON'T LET YOURSELF BE DEFINED BY JIFFY LUBE

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FLEET COST AND SERVICE PROFILES

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FORMULA FOR SUCCESS

- ADOPTION OF INDUSTRY BEST PRACTICES AND HARD WORK =

  … DEFENSIBLE / COMPETITIVE FLEET PROGRAM THAT PROVIDES VALUE
- COUPLED WITH ESTABLISHMENT OF EFFECTIVE COMMUNICATION STRATEGIES =

  …CREDIBILITY
- CREDIBILITY =

  …INFLUENCE
- INFLUENCE =

  …SUCCESS

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WHAT IS INFLUENCE?

- BEING RECOGNIZED BY MANAGEMENT AS THE EXPERT
- A SEAT AT THE DECISION MAKING TABLE
- ABLE TO SET OVERALL FLEET PROGRAM STRATEGY
- NORMALLY ABLE TO GAIN APPROVAL FOR REQUIRED INVESTMENTS

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SUMMARY

- IF A TREE FALLS IN A FOREST AND NO ONE IS AROUND, WAS THERE ANY SOUND?
- IF A FLEET MANAGER IS DOING A GOOD JOB BUT NO ONE KNOWS, IS HE OR SHE REALLY DOING A GOOD JOB?
- YOU CAN'T BE EFFECTIVE WITHOUT INFLUENCE

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BUSINESS PLANS

THE VALUE OF STRATEGIC THINKING

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WHY SHOULD WE PLAN?

- BUSINESS PLANS HELP US TO INFLUENCE EVENTS, RATHER THAN JUST GOING WITH THE FLOW
- BUSINESS PLANNING IS THE FIRST STEP TOWARDS ADOPTING A BUSINESS MANAGEMENT ORIENTATION
- FLEET MANAGEMENT IS AN INCREASINGLY COMPLICATED FIELD

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PURPOSE OF BUSINESS PLANS

- CLARIFY STRATEGIC VISION AND DIRECTION
- SET PRIORITIES FOR RESOURCE ALLOCATION
- IDENTIFY COMPETITION, RISKS, AND POTENTIAL BARRIERS TO SUCCESS
- SET FORTH CRITERIA FOR MEASURING RESULTS
- COMMUNICATE WITH MANAGEMENT, CUSTOMERS, AND EMPLOYEES

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STRATEGIC THINKING

ASK YOURSELF:

1. WHERE ARE WE NOW?
2. WHERE DO WE WANT TO BE?
3. HOW ARE WE GOING TO GET THERE?

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PROCESS FOR ADOPTING A STRATEGIC FOCUS

1. DEFINE YOUR BUSINESS BY DEVELOPING A STRATEGIC VISION AND MISSION
2. SET MEASURABLE GOALS AND OBJECTIVES
3. CRAFT A STRATEGY AND TACTICS TO ACHIEVE GOALS
4. EXECUTE YOUR STRATEGY AND TACTICAL INITIATIVES
5. MEASURE PERFORMANCE, TAKE CORRECTIVE ACTION

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VISION STATEMENT

- STATEMENT OF ASPIRATIONS – WHAT YOU WANT TO ACHIEVE LONG TERM AND HOW YOU WANT CUSTOMERS TO THINK OF YOU
- PURPOSE IS TO PROVIDE UNIFIED LONG-TERM DIRECTION AND IDENTITY
- WHO WE ARE, WHAT WE DO, AND WHERE WE ARE GOING

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CREATING A VISION AND STRATEGY

ASK YOURSELF:

1. WHAT BUSINESS ARE WE IN? WHAT BUSINESS DO WE WANT TO BE IN?
2. WHAT DO OUR CUSTOMERS WANT NOW? WHAT WILL THEY WANT IN THE FUTURE?
3. WHAT ARE THE EXPECTATIONS OF OTHER STAKEHOLDERS?

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CREATING A VISION AND STRATEGY

4. WHO WILL OUR FUTURE COMPETITORS BE? SUPPLIERS? PARTNERS? CUSTOMERS?
5. WHAT POLITICAL OR REGULATORY CHANGES MIGHT IMPACT US IN THE FUTURE?
6. WHAT TECHNOLOGICAL INNOVATIONS ARE ON THE HORIZON IN OUR INDUSTRY?

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EXAMPLES OF VISION STATEMENTS

- WE TRY HARDER
  - AVIS

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EXAMPLES OF VISION STATEMENTS

- QUALITY IS JOB ONE
  - FORD

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EXAMPLES OF VISION STATEMENTS

- THE ULTIMATE DRIVING MACHINE
  - BMW

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EXAMPLES OF VISION STATEMENTS

- BEST SEAT IN THE HOUSE
  - AMERICAN STANDARD TOILET SEAT COMPANY

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EXAMPLES FLEET VISION STATEMENT

- WE WILL BE RECOGNIZED BY OUR CUSTOMERS AS A VALUABLE BUSINESS PARTNER AND AS THEIR SERVICE PROVIDER OF CHOICE. WE WILL ALSO BE KNOWN AS THE EXPERTS IN FLEET ASSET MANAGEMENT, EMPLOYEE MOBILITY, AND ENVIRONMENTAL STEWARDSHIP.

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MISSION STATEMENTS

- COMMUNICATES THE ESSENTIAL PURPOSE OF THE ORGANIZATION
- ALSO COMMUNICATES WHAT YOU STAND FOR AND WHAT MAKES YOU DIFFERENT FROM THE COMPETITION

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EXAMPLES OF MISSION STATEMENTS

- OUR BUSINESS IS RENTING CARS. OUR MISSION IS TOTAL CUSTOMER SATISFACTION
  - AVIS

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EXAMPLES OF MISSION STATEMENTS

- TO OFFER THE FAST FOOD CUSTOMER FOOD PREPARED IN THE SAME HIGH QUALITY MANNER WORLD WIDE, TASTY AND REASONABLE PRICED, DELIVERED IN A CONSISTENT, LOW KEY DÉCOR, AND FRIENDLY ATMOSPHERE
  - McDONALDS

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EXAMPLES OF MISSION STATEMENTS

- THE MISSION OF THE FLEET SERVICES DIVISION IS TO PROVIDE OUR CUSTOMERS WITH VEHICLES THAT ARE RELIABLE, SAFE, APPROPRIATE FOR THEIR INTENDED USE, ECONOMICAL, AND ENVIRONMENTALLY SOUND TO OPERATE
  - CITY OF CHARLOTTE EQUIPMENT SERVICES DIVISION

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NEXT STEP – DESCRIBE YOUR BUSINESS

- CHANCE TO MARKET YOUR ORGANIZATION AND HIGHLIGHT THE VALUE YOU ADD
- THIS SECTION SHOULD INCLUDE:
  - OVERVIEW OF SERVICES
  - KEY OPERATING STATS
  - TRENDS

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OBJECTIVES

- PURPOSE IS TO CONVERT VISION AND MISSION INTO MEASURABLE TARGETS
- MEASURES CREATE BENCHMARKS TO TRACK PERFORMANCE
- MEASURES BRING FOCUS TO IMPROVEMENT EFFORTS
- MEASURES ENABLE YOU TO KNOW WHERE YOU ARE IN RELATION TO WHERE YOU WANT TO BE

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STRATEGIES

- OBJECTIVES ARE MEASURABLE OUTCOMES AND TARGETS
- STRATEGIES ARE HOW TO ACHIEVE OBJECTIVES

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STRATEGIC FOCUS AREAS

- FINANCIAL
- CUSTOMER
- INTERNAL PROCESS
- LEARNING AND GROWTH

- FROM HARVARD BUSINESS SCHOOL'S BALANCED SCORECARD

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FINANCIAL FOCUS AREA

OBJECTIVE	MEASURE	TARGET
Provide cost-effective services	Keep M&R costs below national benchmark levels	> $1,000 per Vehicle Equivalent Unit
Manage costs and revenues	Profit/loss from charge-back rates for each line of business	+/- 3%
Insure long-term financial viability	Develop an appropriate reserve within the capital portion of the Fleet ISF	10% of annual replacement expenditures

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FINANCIAL FOCUS AREA

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Provide cost-effective services	Keep M&R costs below national benchmark levels	> $1,000 per Vehicle Equivalent Unit
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CUSTOMER FOCUS AREA

Goal	Measure	Target
Maximize vehicle availability	Percentage of working hours that vehicles are available (not out of service)	Refuse Trucks…88% Med/Hvy Trucks…92% Light-duty Units…95% Patrol cars……..98%
Quickly return vehicles to service	Percentage of repairs that are completed in 24, 72, and over 72 working hours	70% in 24 hours 90% in 72 hours
Perform high quality work	Percentage of repairs that require rework (come backs)	Less than 1%

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INTERNAL PROCESS FOCUS AREA

Goal	Measure	Target
Effectively manage personnel resources	Percentage of annual payroll hours billed to work orders	70%
Effectively manage the parts program	Shrinkage in parts inventory	> 1%
	Percentage of line items with no issues in one year	> 5%
	On demand fill rate	60%
Effectively manage the new equipment purchasing program	Percentage of vehicles received within six months of the start of the fiscal year	90%
	Percentage of vehicles prepared for service within one week	90%

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LEARNING & GROWTH FOCUS AREA

Goal	Measure	Target
Employ well qualified managers	Percentage of managers who have successfully completed professional certification programs	95%
Encourage technicians to demonstrate their expertise	Percentage of technicians who at least one ASE certification Percentage of staff who have at least three ASE certifications	100% 50%
Provide staff with appropriate training	Hours of training per year	Minimum of 40

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LONG-TERM GOALS

- BUSINESS PLAN SHOULD INCLUDE SOME INITIATIVES AND GOALS THAT YOU WANT TO ACHIEVE IN THE ONE TO THREE YEARS

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EXAMPLES

- COMPLETE FLEET SUSTAINABILITY POLICY
- DEVELOP LONG-TERM FLEET REPALCEMENT PLAN
- STUDY FUEL SITE CONSOLIDATION OPPORTUNITIES
- COMPLETE BUSINESS CASE FOR NEW FMIS
- WORK WITH HR TO DEVELOP NEW MECHANIC CLASSIFICATIONS TIED TO ASE CERTS

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LAST STEP

- RECAP BY TYING TOGETHER YOUR VISION, CURRENT OPERATIONS, OBECTIVES AND MEASURES, AND STRATEGIC GOALS
- ADDRESS BARRIERS TO SUCCESS AND THREATS
- SWOT ANALYSIS

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RECAP

- HAVING A BUSINESS PLAN IS PART OF THE PROCESS OF DEMONSTRATING THAT YOU HAVE A PROFESSIONAL, VALUABLE FLEET OPERATION
- THIS CREDIBILITY HELPS YOU TO GAIN INFLUENCE
- THEY ARE ASLO GREAT MARKETING TOOLS AND HELP YOU COMMUNICATE WITH STAKEHOLDERS

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SERVICE LEVEL AGREEMENTS

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PURPOSE OF SLA'S

- ESTABLISH A CONTRACTUAL RELATIONSHIP BETWEEN CUSTOMERS AND THEIR FLEET SERVICE PROVIDER
- PRECISELY DEFINE A CUSTOM SET OF SERVICES FOR EACH UNIQUE CUSTOMER GROUP

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PURPOSE OF SLA'S

- CLEARLY COMMUNICATE SERVICE PROCEDURES
- DEFINE RESPONSIBILTIIES OF BOTH PARTIES
- ESTABLISH AGREEMENT ON BILLING PROCEDURES

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INTERGOVERNMENTAL SERVICES AGREEMENT BETWEEN THE CITY OF CHARLOTTE FLEET MANAGEMENT DIVISION AND THE CHARLOTTE HOUSING AUTHORITY FISCAL YEAR 2004-05

OVERVIEW

Transportation represents a significant cost element to the Charlotte Housing Authority (CHA). In addition to direct costs such as asset depreciation, fuel and repairs; reliable transportation is a key to minimizing the indirect cost of lost employee productivity. Simply put, CHA could not carry out its mission without appropriate, safe and reliable fleet vehicles.

The Fleet Management Division (FMD) of the City of Charlotte is dedicated to assisting our customers in lowering fleet ownership costs and maximizing employee productivity through professional management of fleet assets.

This Customer Services Agreement provides a description of the services offered by FMD, procedures for accessing services, service prices and billing procedures, and a description of FMD's and CHA's responsibilities under this agreement.

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SLA CONSIDERATIONS

- SHOULD BE VERY SPECIFIC TO EACH CUSTOMER'S NEEDS
- SHOULD BE COMPREHENSIVE (MORE THAN 2 PAGES) BUT NOT A DIFFICULT READ (LESS THAN 20 PAGES)
- SHOULD BE SIGNED BY FLEET MANAGER AND CUSTOMER DEPARTMENT HEAD

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OTHER STRATEGIES

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ADVISORY BOARD

- GIVES CUSTOMERS A ROLE IN MANAGING FLEET
- FORCES REGULAR COMMUNICATION
- INCREASES CUSTOMER UNDERSTANDING OF CONSTRAINTS AND CHALLENGES
- PROVIDES A PLATFORM FOR SELLING IDEAS

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COST CHARGE-BACK SYSTEM

- MORE THAN A METHOD OF ALLOCATING COSTS
- PROVIDES POWERFUL TOOL TO INFLUENCE CUSTOMER BEHAVIOUR
- PROVIDES REGULAR COMMUNICATION
- PROVIDES COMPETITIVENESS BENCHMARKS

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HALLMARKS OF A GOOD SYSTEM

- RECOVER ALL DIRECT AN INDIRECT COSTS ASSOCIATED WITH PROVIDING FLEET SERVICES;
- COMPLY WITH FEDERAL COSTING STANDARDS AS DETAILED IN OMB CIRCULAR A-87;
- AVOID CROSS-SUBSIDIZATION AMONG SERVICE ACTIVITIES, VEHICLES TYPES, AND RATE PAYERS;
- TREAT ALL RATE PAYERS EQUITABLY;

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HALLMARKS OF A GOOD SYSTEM

- PROMOTE COST RECOGNITION BY SENDING CLEAR PRICE SIGNALS TO VEHICLE USERS THUS PROVIDING INCENTIVE FOR THE PROPER OPERATION AND CARE OF VALUABLE ASSETS;
- DEVELOP RATES THAT ARE INTUITIVE AND EASILY COMPARABLE TO PRIVATE SECTOR ALTERNATIVES; AND
- PROVIDE TRANSPARENCY BY DEVELOPING A RATES AND RATE MODEL THAT ARE CLEAR AND WELL DOCUMENTED.

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QUESTIONS?

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