Developing a Strategic Business Plan for Your Fleet Management Organization

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Session Overview

- Reasons for Developing a Business Plan
- Thinking About Your Business Strategically
- Overview of a Business Plan Development Process
- Break-out Session 1: Defining Your Business (2-3 pm)
- Break-out Session 2: Identifying Needed Improvements and Establishing Priorities (3-4 pm)
- Break-out Session 3: Developing an Action Plan (4-5 pm)
Why develop a business plan?

- To manage the effects of change
- To guide and achieve improvement
- To attain stature and influence
- To promote autonomy and self sufficiency
- To provide opportunities for growth and professional advancement
Ancillary Benefits of Developing a Business Plan

- Developing an understanding of the complexity of your business
- Developing an understanding of the limits of your authority and responsibility
- Clarifying the mission of your organization and the enablers and impediments to fulfilling it
- Fostering a sense of teamwork within your organization
- Strengthening relationships with your customers
Key Concepts

**Strategy:** The science of planning and directing large-scale operations, specifically of maneuvering into the most advantageous position prior to actual engagement

**Tactics:** The science of arranging and maneuvering to attain short-range objectives

**Confusion:** An indiscriminate mixing or putting together of things; a disturbance of the proper order or arrangement of parts or activities
Asset Management Processes

- Vehicle Selection/Specification
- Vehicle Assignment
- Vehicle Operation
- Vehicle Utilization Control
- Mileage Reimbursement
- Vehicle Disposal
- Licensing & Titling
- Vehicle Selection/Specification
- Bulk Fuel Procurement & Dispensing
- Vehicle Outsourcing
- Dispatching
- Routing & Scheduling
- Vehicle Acquisition
- Fuel Card Management
- Accident Management
- Replacement Planning
- Operator/Driver Training
- Vehicle Maintenance & Repair
- Parts Procurement & Supply
- Vehicle Operation
- Motor Pool Management
- Mechanic Supervision
- Mechanics Outsourcing
Business Management Processes

Sound Customer Service

- Business Planning
- Focus Groups
- Professional Certification
- Training
- Customer Relationship Management
- Annual Reports
- Management Analysis & Reporting
- Cost Analysis & Control
- Fund Management and Accounting
- Charge-Back Rate Development
- Personnel Management
- Purchasing
- Performance Measurement & Benchmarking
- Performance Reviews
- Billing & Collections
- Information Systems
- Customer Surveys
- Service Level Agreements
- Business Planning

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Overview of a Business Planning Process

1. Define Your Business
2. Determine Limits of Authority and Responsibility
3. Identify Strengths and Weaknesses
4. Prioritize Areas for Improvement

8. Measure Results
7. Reengineer and Implement
6. Develop Action Plans
9. Refine/Define New Strategies
Who should develop your business plan?

- Fleet manager
- Other fleet management organization staff
- At least one senior official in your organization
- Representatives of key ancillary support organizations (e.g., finance and accounting, strategic sourcing / purchasing, IT)
Who should know about your business plan?

- All of your employees
- All of your customers
- Upper management
Break Out Session 1: Defining Your Business
Define Your Business in Terms of:

- Ongoing business activities
- Management roles
- Management authority
- Management responsibilities
Sample Asset Management Activities

Vehicle Acquisition and Disposal

- Vehicle specifications development and selection
- Purchase contract establishment and management
- Vehicle upfitting and in-servicing
- Commercial vehicle rental
- Vehicle remarketing/disposal
Sample Business Management Activities

**Human Resources Management**
- Organization structure definition
- Definition of job responsibilities
- Staff assignment and utilization management
- Employee classification and compensation
- Employee recruiting
- Employee training and professional development
- Employee performance management
Other Types of Fleet Organization Business Activities

- Vehicle assignment and utilization management
- Vehicle operation management
- Parts management
- Fuel management
- Fleet financial management
- Information management
- Facility management
- What else?
Sample Management Roles

- Day-to-day oversight of business activities
- Policy and procedure development
- What else?
Sample Management Responsibility and Authority Assignments

- Fleet management organization
- Fleet user organizations
- Who else?
Define Your Business in Terms of:

- At least two areas of ongoing business activity
  - Asset management
  - Business management

- In each business area, identify:
  - Specific business activities
  - Management roles
  - Management authority
  - Management responsibilities

- Hint: create a matrix
Management Roles

- Day-to-day oversight of business activities
- Policy and procedure development
- Best practices and technology monitoring and educating
- Industry liaison
- Goal setting and performance reporting
- Fleet user advocacy
- Executive management support
Possible Management Responsibility and Authority Assignments

- Fleet management organization
- Fleet user organizations
- Department director
- Chief executive (mayor, city/county manager, governor’s office)
- Finance/Accounting
- Human Resources
- Risk Management
- Information Technology
- Procurement
Break Out Session 2: Identifying Needed Improvements and Setting Priorities
Define a Methodology for Identifying and Prioritizing Improvements to Your Business

- Specific attributes or characteristics of current business practices to consider (e.g., “Quality of Current Practices”)
- A means of defining the relative importance of these attributes or characteristics (e.g., “High, Medium, Low” importance)
- A means of rating each attribute (e.g., “Excellent, Good, Fair, Poor” quality)
Apply Your Methodology to All Business Practices in at Least Two Distinct Areas

- Identify the attributes of the business practices considered
- Identify the relative importance of each attribute
- Assign ratings to each attribute for each business practice
- Identify and prioritize business practices for improvement
Priority Setting Example

- **Business Practice Area**
  - Vehicle operation

- **Business Practices Included**
  - Operator licensing and certification
  - Operator training
  - Pre-/post-trip inspection and record keeping
  - Vehicle misuse/abuse management
  - Accident repair/claims management
  - Fleet safety management

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<thead>
<tr>
<th>Importance</th>
<th>Quality of Current Practices</th>
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- **Improvement Priorities**
  1. Fleet safety management
  2. Operator training
  3. Vehicle misuse/abuse management
Sample Business Practice Improvement Prioritization Criteria

- Impact on vehicle performance
- Impact on fleet management organization performance
- Quality of current practices
- Reengineerability
- Compatibility with enterprise-wide priorities (e.g., sustainability)
- Opportunity for innovation
### Sample Business Practices Improvement Identification and Prioritization Matrix

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<thead>
<tr>
<th>MANAGEMENT FUNCTION</th>
<th>IMPACT ON PERFORMANCE</th>
<th>QUALITY OF CURRENT PRACTICES</th>
<th>REENGINEERABILITY</th>
<th>OPPORTUNITY FOR INNOVATION</th>
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Break Out Session 3: Developing an Action Plan
Sample Improvement Strategy

- **Issues and Opportunities**
  - The Motor Pool’s short-term rental vehicle inventory may be larger than necessary to meet customer needs.
  - Using commercial rental vehicles can be a cost-effective means of supplementing an inventory of City-owned vehicles to meet peaks in customer demand.
  - Utilizing rental vehicles as a back-up supply source might enable the Motor Pool to downsize the City-owned rental fleet without compromising vehicle availability or customer service.
  - The City currently has a contract in place for the short-term vehicle rental. However, the Motor Pool does not use this contract as a secondary source of vehicle supply for its customers.

- **Improvement Strategy**

  Confirm the economic benefits of using commercial rental vehicles to supplement an optimally-sized inventory of City-owned short-term rental vehicles and, subject to such confirmation, develop an integration strategy and plan under which the Motor Pool would procure such vehicles on an as-needed basis on behalf of its customers.
Sample Action Plan

1. Identify and evaluate potential cost savings.
   a. Analyze historical trip pool rental transaction data to determine average daily and peak demands for rental vehicles.
   b. Determine core rental vehicle inventory requirement based on analysis of historical usage trends.
   c. Quantify marginal avoidable costs of furnishing pool vehicles in excess of core demand.
   d. Compare avoidable cost per vehicle rental day with current contract rental rates.
   e. Decide whether potential cost savings are large enough to warrant additional investigation. If so, document analysis results and proceed to Task 2.

2. Implement commercial vehicle rental contract to accommodate trip pool backup objectives.
   a. Develop contract specifications.
   b. Evaluate existing rental contract terms and conditions in consultation with Procurement Department for consistency with new requirements. Identify needed changes, if any.
   c. Renegotiate and/or re-bid contract as necessary to secure required services.
   d. Evaluate bid results (if necessary) and award new or modified contract.
Sample Action Plan (cont.)

3. Implement new policies and procedures for using commercial rental vehicles to supplement trip pool.
   b. Solicit feedback from selected stakeholders and finalize.
   c. Secure management approval for implementation.

4. Establish performance measurement process.
   a. Define key performance indicator(s) (KPI's) for measuring Motor Pool and commercial rental company performance in meeting contract objectives.
   b. Identify associated data requirements, data sources, analytical procedures, and reporting methods.
   c. Design and implement performance measurement and reporting process.
Develop an Action Plan for One of the Following Sample Improvement Strategies

- Determine the appropriateness of continuing to perform paint and body repairs in house.
- Right size the fleet.
- Acquire a new fleet management information system.
- Secure management approval to acquire or build a new fleet maintenance facility.
- Secure more funds for fleet replacement.
Your Sample Action Plan Should Identify:

- Specific tasks and subtasks to be performed
- Resource requirements
  - Internal (personnel hours)
  - External (dollars for products/services)
- Responsibility assignments
- Timeline and milestones
- Work products
Key Considerations In Developing Your Business Plan

- Technical rigor
- Stakeholder involvement
- Publicity
- Recognition of political realities
- Achievable goals
- Implementable strategies
- Concrete action plans
- Measurement of results
- Plan maintenance
For More Information

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