

# 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



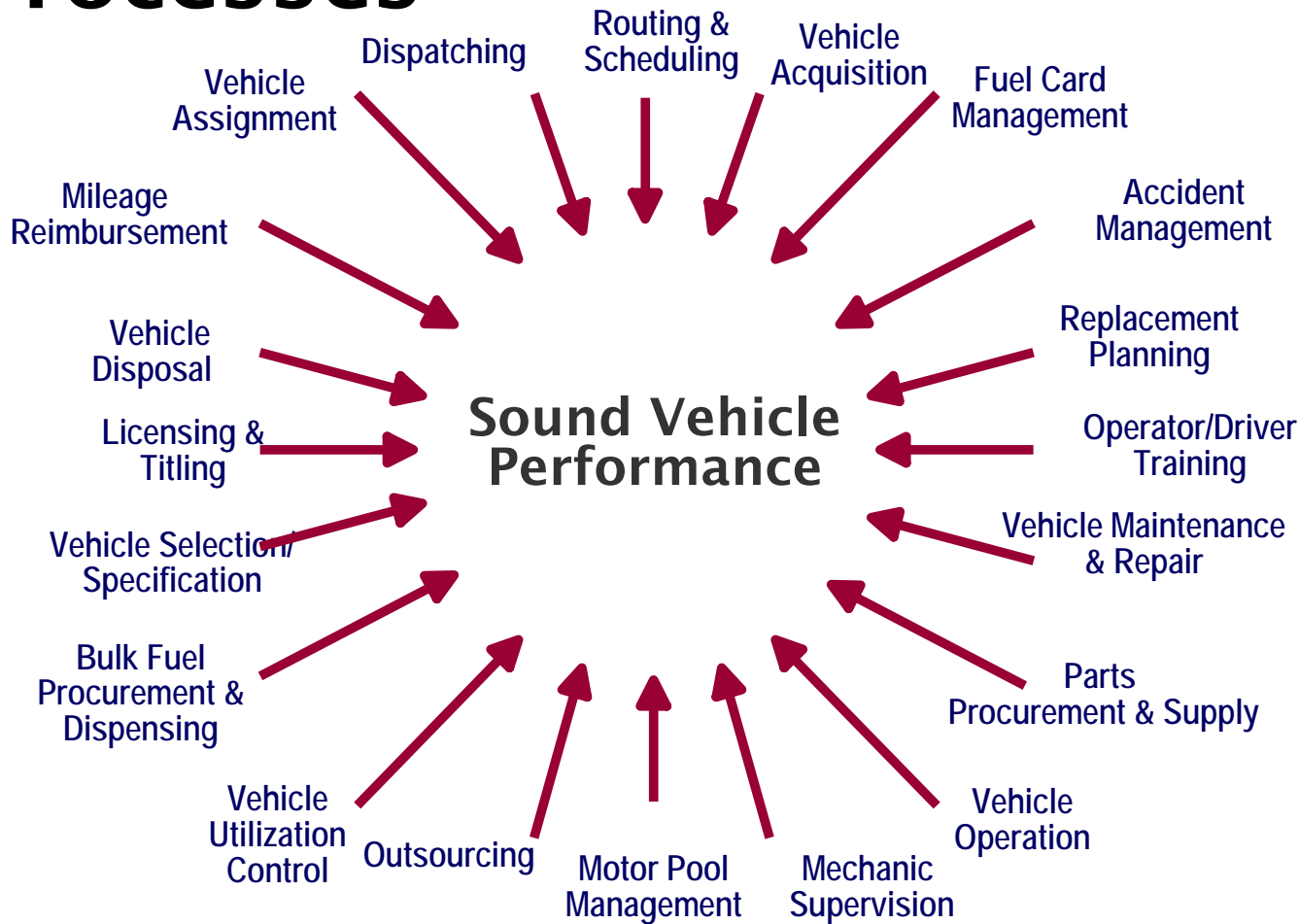
# Key Concepts

**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

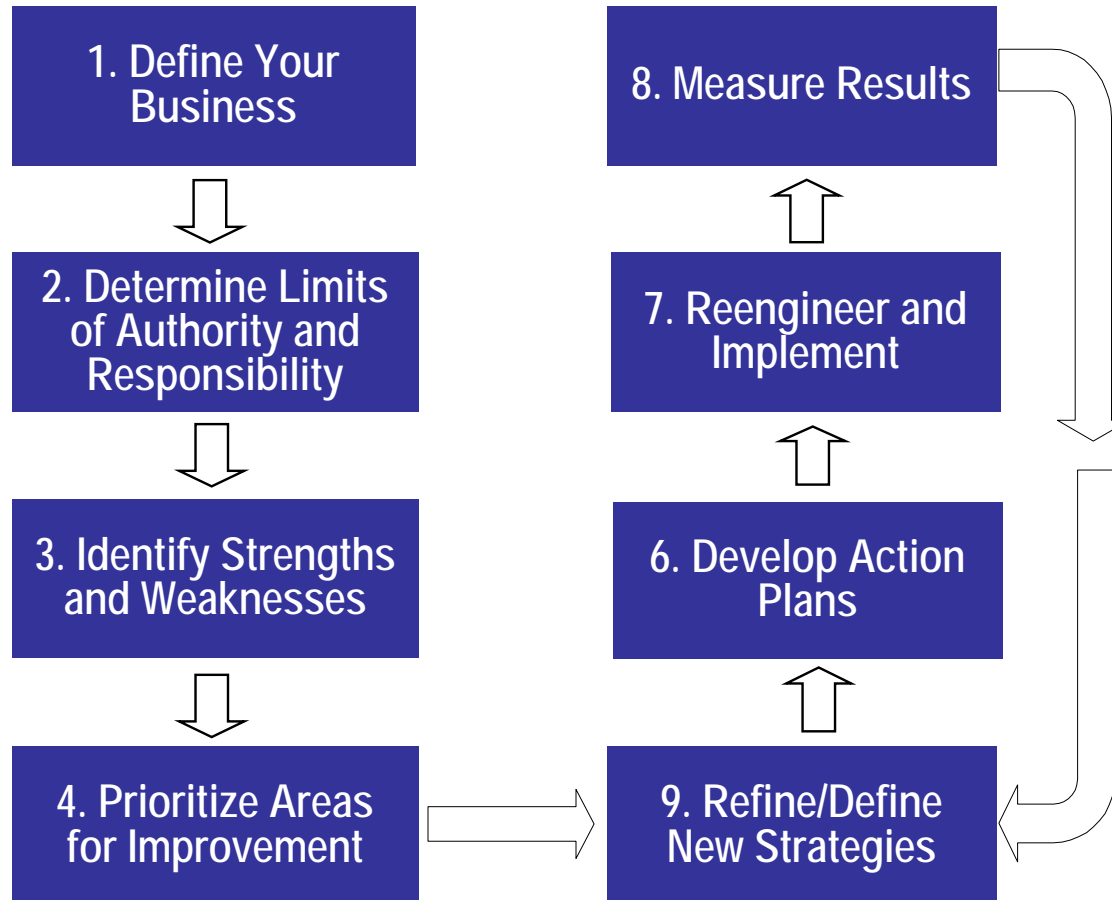
# Asset Management Processes



# Business Management Processes



# Overview of a Business Planning Process





# 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

**Importance**

H  
M  
L  
M  
H  
M

**Quality of Current Practices**

E  
F  
P  
G  
E  
P

- **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



MANAGEMENT FUNCTION		PRIORITIZATION FACTORS				TIMING		
		IMPACT ON PERFORMANCE	QUALITY OF CURRENT PRACTICES	REENGINEER-ABILITY	OPPORTUNITY FOR INNOVATION	YEAR 1	YEAR 2	YEAR 3
<b>EQUIPMENT ASSIGNMENT</b>								
1	EQUIPMENT BUSINESS NEED DEFINITION	H	L	H	L		Yellow	
2	EQUIPMENT PROVISION ALTERNATIVES ANALYSIS / DECISION MAKING	H	L	H	M		Yellow	
3	POV REIMBURSEMENT MANAGEMENT	M	L	L	H			Red
4	TAKE-HOME USE MANAGEMENT	M	L	H	M	Green		
<b>EQUIPMENT ACQUISITION AND DISPOSAL</b>								
5	EQUIPMENT SPECIFICATIONS DEVELOPMENT	H	M	H	H			Red
6	CONTRACT ESTABLISHMENT AND MANAGEMENT	H	M	M	H			Red
7	AD HOC PURCHASING	H	L	H	H		Yellow	
8	EQUIPMENT ACCEPTANCE, PREP, AND DELIVERY	H	M	H	M			Red
9	COMMERCIAL EQUIPMENT RENTAL	H	L	H	M			Red
10	EQUIPMENT DEACCESSIONING	H	M	M	L	Green		
11	EQUIPMENT DISPOSAL	H	M	H	H			Red
12	EQUIPMENT PERFORMANCE MANAGEMENT	H	L	M	H			Red
<b>EQUIPMENT OPERATION MANAGEMENT</b>								
13	OPERATOR CERTIFICATION AND RECORD KEEPING	H	L	H	M		Yellow	
14	OPERATOR TRAINING	H	L	M	H		Yellow	
15	PRE-TRIP INSPECTION AND RECORD KEEPING	H	L	M	H	Green		
16	EQUIPMENT MISUSE/ABUSE MANAGEMENT	M	L	M	M			Red
17	ACCIDENT REPORTING, INVESTIGATION, AND MANAGEMENT	H	L	H	H		Yellow	
18	SUBROGATION	M	L	M	L			Red
<b>EQUIPMENT UTILIZATION MANAGEMENT</b>								
19	EQUIPMENT UTILIZATION GUIDELINES ESTABLISHMENT	H	L	H	L		Yellow	
20	EQUIPMENT UTILIZATION DATA CAPTURE	H	L	H	H		Yellow	
21	INVESTIGATION OF UTILIZATION "ABNORMALITIES"	H	L	H	L	Green		
22	EQUIPMENT REASSIGNMENT OR DISPOSAL	H	L	H	L	Green		



# 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.**
  - a. Draft policy and procedure statement (PPS).
  - 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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