Simply put, you pay when a driver can’t use their fleet vehicle. Unexpected downtime due to mechanical problems and accidents results in hard costs to your fleet that can be easily measured. The soft costs, such as lost productivity and revenue, can have a significant impact on your entire organization as well.

Finding a way to track and limit the amount of downtime through proper preventive maintenance, advanced data analytics and proactive downtime tracking lowers your overall day-to-day operating costs.

It also controls a vehicle’s total cost of ownership and your organization’s overall bottom line.
MANAGING DOWNTIME—MULTIPLE VARIABLES IN THE VEHICLE LIFECYCLE

Do you have a method for managing fleet vehicles when they are out of service? Downtime is expensive, no matter whether it’s due to unforeseen repairs, accidents, and/or sudden catastrophic failures due to leaving a vehicle in service too long.

One of the most direct ways you can positively impact downtime is to adopt and adhere to a preventive maintenance (PM) schedule. Downtime and preventive maintenance go hand in hand; putting an effective routine maintenance schedule in place keeps vehicles on the road longer, with fewer unforeseen mechanical issues. But there’s more you can do more to keep vehicles running and on the road.

**When you integrate all of your fleet data, you can use advanced analytical tools to avoid downtime:**

1. Determine whether you’ve arranged the right vehicle for the right job
2. Predict when failures may occur and avoid unexpected repairs
3. Develop a solid replacement cycle
THE HARD & SOFT COSTS OF DOWNTIME

When your fleet vehicles are down for any reason, planned or not, it costs you time and money. Downtime takes not only the vehicle off of the road, but the driver as well. If the anticipated downtime is not long enough to justify a rental, the driver could miss hours of productivity, costing your organization missed revenue.

HARD COSTS are expenses found on your expense report. In the case where a vehicle breaks down, the hard costs you would accrue include towing and repairs, plus a rental vehicle (if needed).

The cost associated with rental vehicles can grow exponentially, depending on how long the repair takes. Additionally, if the rental has more enticing features than the fleet vehicle, the driver may take longer to return it. Geo fencing used with your telematics will alert you when a vehicle has left the repair shop perimeter. This is a surefire way to enhance your ability to monitor when rentals should be returned.

SOFT COSTS are expenses not found on your expense report, but with the right information, you can quantify these indirectly. Fleet costs you would accrue during downtime are lost productivity and missed revenue.

Planning vehicle and driver downtime can help eliminate some of the soft costs. For example, planning maintenance when you know a driver will be off the road, such as during training or time off, can eliminate otherwise lost productivity or revenue.
CALCULATING
DOWNTIME COSTS

**SOFT COST**

*The cost of disruption*
You have a driver heading to a service call when the vehicle breaks down and needs a tow. Add up the time lost from the moment the vehicle breaks down to when the driver gets in a rental and back on the road.

Then when the vehicle is finally repaired, the driver will lose productivity while dropping off the rental and picking up the vehicle from the shop.

These disruptions to your driver’s service schedule are soft costs - a real cost to the business, but not visible on your fleet expense report. This cost could be much higher if you account for lost revenue because your driver had to reschedule any impacted service appointments to another day.

**HARD COST**

*Rental vehicle costs*
Hard costs associated with downtime are those that can be easily calculated on your balance sheet. In addition to the cost of the tow and repair, you need to include rental vehicle costs.

**COMBINED HARD & SOFT COSTS**

In addition to the cost of the repair

- **2 hours on 2 days for breakdown and pick up**
  - \( \sim 4 \times \$175 = \sim \$700 \)

- **4 day rental**
  - \( \sim 4 \times \$60 = \sim \$240 \)

- **~$940**
It will come as no surprise that if you implement a sound preventive maintenance (PM) schedule, you will achieve a more effective, more cost-efficient fleet. It might be hard, however, to understand the impact that not conducting the recommended PM can have on your fleet.

Often, in an effort to reduce costs, fleet managers extend the intervals between simple but important preventive measures (like oil changes and tire rotations) – sometimes well beyond the manufacturer’s recommendations. While that may save you a marginal amount of money in the short term, it can have drastic and profound effects in the long term. This can impact your organization’s budget more significantly than the simple cost of regular PM.

In fact, extending maintenance intervals may create a critical gap where engine and powertrain failures occur prematurely. To summarize, PM ensures vehicles receive the attention needed to operate efficiently and reduce the number of trips to the repair shop for breakdowns.

**MANAGING DOWNTIME—PREVENTIVE MAINTENANCE**

Extending time between simple preventive measures may save some money in the short term, but can have profound effects in the long term.

**AVERAGE MAINTENANCE $ PER UNIT PER MONTH**

- Additional Expense for Late PM
- On-time PM

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$25 $38 $29 $42 $72 $151

$52 $58 $96 $125 $295 $446

Car SUV Van LD Truck MD Truck HD Truck
You need to establish a preventive maintenance schedule that works best for your fleet. Unfortunately, to make it easier for drivers to follow a preventive maintenance schedule, some fleet managers apply consistent oil change intervals across the fleet.

WHEN MANAGING PM SCHEDULES, YOU SHOULD NEVER TAKE A ONE-SIZE-FITS-ALL APPROACH. IT IS IMPORTANT TO GROUP VEHICLES BY SEGMENT OR CLASS, SPECIFIC JOB FUNCTION AND OPERATING CONDITIONS.

Consider the conditions under which the vehicle will be operating. If a vehicle will be carrying extra weight, be subject to long idle times (e.g. a delivery vehicle) or operate off-road or in adverse conditions, you should adjust the PM schedule to account for this. If need be, schedule maintenance and repairs during off-hours. Also, a flexible provider who can offer PM service when the vehicle is scheduled to be off the road is a simple way to lower overall downtime.

FACT

PROPER PREVENTIVE MAINTENANCE MEANS LESS DOWNTIME AND LESS FINANCIAL LOSS
When it comes to managing downtime, you can orchestrate telematics, integrated data and modern analytical tools to identify trends and control costs in ways that were never before possible.

You can now use this data to gain a deeper insight into operations and a more intricate understanding of where problems may exist. This is critical to being able to make significant changes that lower downtime and improve total cost of ownership. Additionally, new technologies such as geofencing provide even greater transparency into the overall process.

THE OLD WAY
Companies could only guess how long repairs would take, and calculations were on arbitrary milestones – such as when a vehicle entered the shop, when the repair was finished, and when the vehicle was returned to the driver. While this was accepted as standard practice, it was less than ideal. It did not account for the amount of time a vehicle may sit on the lot waiting to be serviced, or how long it might sit after the service or repair was completed.

THE NEW WAY
GPS technology has revolutionized downtime tracking, giving companies greater information and capability to move vehicles from the shop back into service quickly. Technology now exists that allows a fleet manager to receive a notification in real time whenever a vehicle crosses the property line of a repair shop. Search functionality can display the exact location of vehicles and establish notification parameters when vehicles are down for maintenance past a certain timeframe.
Successful downtime tracking gives you visibility to every vehicle awaiting repairs.

This transparency helps you expedite repairs instead of waiting to receive the details from the driver or repair facility. You can monitor repairs closely so drivers can return to the road faster and continue generating revenue for your organization.

Having the right vehicles on the road and knowing when to take those vehicles out of service altogether is also important to managing downtime. Data integration and statistical analysis come into play here as well, because the data your fleet provides can help pinpoint small issues that over time could develop into larger problems and extended downtime. Using that insight to develop a solid replacement cycle that supports the functional needs of your fleet will lead to vehicles remaining in good working order to better support your business and serve your customers.
CONCLUSION—
DOWNTIME CAN BE MANAGED

Modern technology and advanced analysis can help you gain insight to your fleet’s current operations and potential future challenges.

**THIS CAN HELP:**

- Quantify exactly how much downtime is costing your organization
- Figure out what steps you need to take to prevent downtime (such as implementing a solid PM schedule)
- Establish a process that can strengthen your fleet and prevent downtime (such as developing a consistent replacement cycle that removes unreliable vehicles from your fleet altogether)

**THE INVESTMENT MADE INTO TECHNOLOGIES AND PARTNERS WHO CAN SUPPORT THIS KIND OF ADVANCED ANALYTICAL DATA IS WORTH THE INVESTMENT AND THE PEACE OF MIND KNOWING YOUR FLEET CAN SUPPORT YOUR BUSINESS AND ITS GOALS.**
ABOUT ARI

ARI, a Holman Enterprises company, has revolutionized fleet management with technology that enables organizations like yours to realize new levels of efficiency and value by leveraging the power of data through the ARI insights® portal and other customized solutions. Founded in 1948, ARI, now the largest family owned company in the industry, has continuously uncovered new ways for fleet teams to translate fleet data into decreased costs and improved driver safety. ARI manages more than 1.7 million vehicles in North America, the UK and Europe, and together with its strategic partners, more than 3 million vehicles worldwide.

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Global Headquarters • 4001 Leadenhall Road
Mount Laurel, NJ 08054 • United States of America