



# FLEETING THOUGHTS

Create a replacement plan with the future in mind



By MICHAEL WAGNER, CSP, ASM

**T**he snow and ice management industry is not exempt from rapid changes that can impact your entire operation. The industry is currently focusing on sustainability in many ways, from the usage of chemical materials, to finding solutions to persistent labor challenges, to meeting evolving regulatory requirements. All these topics can influence your fleet management practices, making it extremely important to focus on your strategy and how you make decisions today to plan for the future.

## Fleet environment

While not every organization requires a full-time fleet manager or someone solely dedicated to fleet management, the individual that makes the final decisions on equipment and vehicle purchasing must understand what is happening in the fleet world. Fleet magazines, newsletters, blogs and professional associations provide a wealth of information on current industry trends.

**Equipment adaptations.** Vehicles and equipment adaptations are focusing on fuel and power sourcing, ergonomic improvements, and tools that bridge the labor gap, such as self-powered and robotic equipment. While not all solutions will find a home in your company, there certainly are opportunities for organizations looking to do more work with less labor or to meet regulatory requirements.

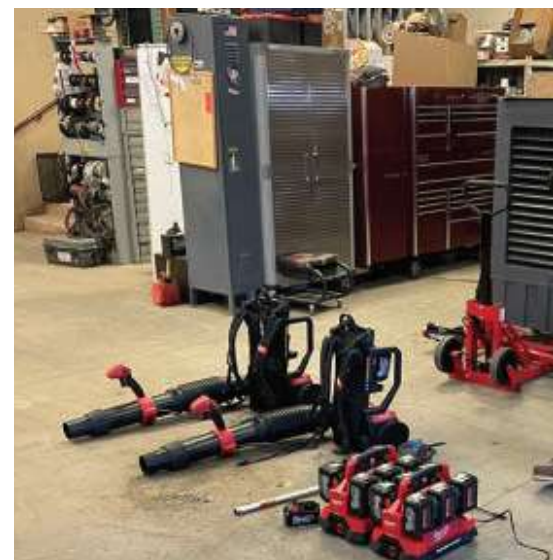
**Financial challenges.** Another hefty consideration relates to the financial and inventory challenges of your fleet procurement and lifecycle plan. Pre-Covid, it was common practice to develop a fleet replacement strategy with a 2.5% to 3.0% annual inflation increase. Since 2020, companies have faced rollercoaster inventory issues, with inflation rising 20% to 30% on vehicles and equipment. This has meant a strong need for fleet budgeting, procurement and disposal strategies, and identifying solutions that provide value for the organization and the client. Working with the same strategy from four years ago will not be effective in operating your fleet in 2024 and beyond.

With these key points, the next step in creating a sustainable fleet plan is analyzing your equipment and vehicles to make sound decisions.

## Fleet analysis

When analyzing your fleet, continue to look at the same metrics or key performance indicators (KPIs) that have always been important.

You will examine the trend of your operating costs such as maintenance, repairs, insurance, fuel, and downtime, and weigh it against the residual value of the vehicle or equipment. As a best

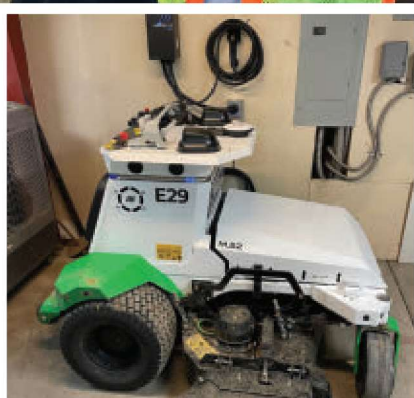


**CHANGING REGULATIONS:** As states and municipalities require companies to reduce or eliminate gas-powered equipment, being proactive by exploring your options and training your team will keep you ahead of the curve.



practice, you never want to put more into the asset than what you're getting out of it.

This is why it is important to understand vehicle disposal and resale trends. As of right now, the resale market is still holding strong. With new vehicle and equipment prices increasing and interest rates rising, buying used can make sense in many



## FLEET STRATEGY TIPS

Ask yourself these questions while you work on your fleet strategy:

- Who do I purchase equipment from, and are they meeting demand and creating dependable solutions?
- Are my suppliers creating a good service program or are they only focused on the sale?
- Do I have a labor shortage/challenge that I can address by adding equipment that can perform similar tasks?
- Financially, how can I ensure we meet the profit needs of the organization with rising inflation and equipment/vehicle costs?
- How can I provide the same or better level of service by transitioning to new or different equipment?
- Do I have an aging fleet that is causing excessive downtime? If so, what do I need to do to meet operational demand?
- Am I meeting regulatory challenges ahead of time, or am I procrastinating or missing implementation dates?

These are just some of the many questions that are important to answer when creating a sustainable fleet strategy; but they will give you a good, balanced insight into your financial, regulatory, and operational needs, and can provide answers that help guide you in the right direction.

applications. You may get more for your used vehicle or equipment than normal. If you can stay on-track with regular replacements and purchasing, your operations won't struggle with increased downtime and dependency on fluctuating parts availability for older models.

### Identifying opportunities

While focusing on replacement strategies, identify new solutions to prob-

lems, mainly in the equipment's design and applicability. For example, you may be able to substitute one mini-loader, ride-on unit, or piece of mechanized liquid spraying and granular equipment for the work of two to three laborers that you don't have.

We need to find ways to do more with less, so it's time to examine the job duties of all roles that work with vehicles and equipment to

*Continued on page 44*

## OPERATIONS

Continued from page 43

perform services and see if we can find solutions that aid in providing the same service or better with fewer people.

### Regulatory repercussions

Lastly, look carefully at how your fleet purchases will meet regulatory requirements and make sure you are aware of any changing regulations that may impact the longevity of the equipment in your fleet, or where you can operate it.

Many states and municipalities are requiring the reduction or elimination of gas-powered equipment, and you don't want to lose contracts because you didn't plan accordingly.

Be aware of the legislation in your region and communicate the needs of service and equipment on-site with your client so everyone understands the expectations.

Whether it is desired or not to



### IS IT REPLACEMENT TIME?

When developing a lifecycle cost analysis and a fleet replacement plan, you want to determine your optimum replacement time for each piece of equipment. For example:

**Equipment:** ¾-ton plow truck

**Equipment age:** 7 years

**Maintenance costs:** \$10,000 per year

**Residual value:** \$5,000 (10% of the purchase price)

You're now doubling what you're putting into it over what the vehicle is worth. This is a good indicator that you need to replace the vehicle.

switch gears and adapt to battery-powered equipment, it is a fact that you must comply to meet regulations as well as retain clients that have no choice but to operate in this manner.

You may have to implement pilot

programs with new equipment to see what works best; and this is the perfect opportunity to work with suppliers on testing and demoing new equipment to find a usable and reliable solution.

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### Creating sustainability

It can be overwhelming and challenging to answer this question: “How do I manage a fleet with sustainability in mind?” This question doesn’t need to be focused on only by those who are impacted by regulatory requirements. The practice of creating a sustainable fleet program is good for your organization, clients and the industry.

Don’t be afraid to evolve and adapt your fleet strategy for the future! There is no need to change everything and feel like the industry is changing in a way that is not able to be met. With an effective fleet strategy and planning ahead of time, you can be successful.

One of the greatest mistakes you can make is being reactive and running out of time to make necessary changes, which is why it is so important to begin now to develop a plan for the future that will ensure compliance, healthy financial performance, and a level of service that exceeds the clients’ expectations. **SB\***

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