

## Top 10 Strategies to Reduce Fuel Spend

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Since cutting fuel costs is consistently a top-of-mind concern for fleet managers, it's key they understand the nuances that are involved with reducing this type of spend.

Indeed, after depreciation, fuel spend is one of the largest fleet expenses.

"It accounts for around a third of a fleet's operating costs and as such it is a major consideration for many operations," said Ron Katz, senior vice-president, North American Sales at Chevin Fleet Solutions.

There are many components to a fleet's operation that can ultimately have an impact on how much money is being spent on fuel. Whether it's a positive or negative impact depends on how the fleet approaches different aspect of these components. After all, reducing expenses from fuel spend will ultimately improve the fleet's bottom line, which company executives will certainly appreciate.

Scott Effinger, southeast government sales and fleet card marketing business unit manager, at Virginia Beach based petroleum marketer PAPCO, further stressed the significance of monitoring fleet fuel spend.

**At a Glance**

Some major factors that fleets might want to consider include:

- Preventative Maintenance Intervals.
- Tire Pressure.
- Rightsizing.
- Fleet Fuel Card Usage.
- Vehicle Weight.
- Route Tracking.
- Driver Behavior.
- Idling.
- Alt-Fuel Vehicles.
- Obtaining Complete Fleet Buy-In.

To put into perspective some of the biggest factors that fleets should consider to reduce fleet fuel spend, Automotive Fleet has compiled a top 10 list of key components in reducing fuel costs as suggested by experts in fleet fuel management.

## 1. Look to Preventative Maintenance

One of the best places to start when looking to reduce fuel spend is at aspects that fit the preventative maintenance (PM) category. Ensuring a fleet performs regular PM intervals can do wonders on helping to lower fuel spend.

"Making sure your vehicles are in good running order through regular preventive maintenance can also help to conserve fuel – by quite a bit," noted Andy Hall, assistant manager, Fuel & GMS, ARI. "A properly maintained vehicle can improve a vehicle's fuel economy by as much as 40%."

One of the biggest components to PM is motor oil change. It is crucial fleets implement the correct kinds of motor oil for their vehicles.

"Make sure you are using the manufacturer's recommended grade of motor oil; according to the U.S. Department of Energy, you can improve fuel economy by as much as 2% simply by using the proper oil," Hall said. "Additionally, motor oil that is labeled 'energy conserving' contains friction-reducing additives that also helps to improve fuel economy."

Vincent Raynor, director, strategic consulting of Element Fleet Management, explained why proper PM compliance can lead to improved fuel efficiency.

"Lower oil viscosity requires less energy to circulate through the powertrain of the vehicle, leading to improved fuel economy," he said.

## 2. Consider Your Tires

Another key piece of PM includes tire and wheel maintenance.

Bernie Kavanagh, senior vice president and general manager of Large Fleet at WEX Inc., said that maintaining proper tire pressure is one of the main steps that fleets can take in order to reduce fuel costs.

"By using tools to track the pressure, fleets can make sure their vehicles are set at the best pressure for driving and saving cost," he said.

A study by the U.S. Department of Energy found that for every one psi (pounds per square inch) drop in the pressure of your tires will lower gas mileage by 0.4%, noted Ramel Lindsay, manager of strategic partnerships and business development, U.S. Bank Voyager Fleet Card.

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Hall of ARI agreed that regularly monitoring tires plays a big factor in ultimately reducing fuel spend. He also mentioned that ensuring a vehicle's wheels are properly aligned can be just as important.

Indeed, improper wheel alignment can reduce fuel efficiency by as much as 10%, according to Investopedia.com. This equates to about 31 cents per gallon.

### **3. Rightsizing**

Rightsizing in fleet is another important area to consider when looking at the bigger picture of cutting back on fuel costs.

Fleets that are looking to utilize vehicles that will best fit their needs and cutting the ones that don't mesh with their operations will prove to be beneficial.

Raynor of Element Fleet Management said that rightsizing vehicles is the most common and quickest method to reduce fuel cost, because it comprises of many different options.

Indeed, rightsizing for one company may entail reducing the number of vehicles in its fleet, while rightsizing for another company may entail transitioning to smaller, more fuel-efficient models.

"Fleets can right size their vehicles and in turn, reduce fuel spend as result of replacing aged assets with vehicles that have smaller engines, better fuel economy, and lower gross vehicle weight. Provided that the new vehicle continues to meet the business operational needs," said Raynor of Element.

John Wuich, VP of consulting services for Donlen, echoed similar sentiments.

"A fleet vehicle must first functionally serve a purpose. Among vehicles that fit job needs,

look to reduce size and weight, and consider more fuel-efficient vehicles and even alt-fuel models." said Wuich.

### **4. Manage Fuel Card Usage**

As one might expect, fuel purchasing tendencies are key to assessing a fleets fuel spend, and a good place to start is looking at its fleet's fuel card system.

"It is known that if there is no fuel management that by adding even the most inexpensive card system control that your fuel spend will drop immediately," said Kevin DeVinney, director dispensers & fleet systems, Gasboy. "The problem with cards is that it is still prone to misuse."

DeVinney added that obtaining accurate data can be difficult since cards are usually assigned to a vehicle and not a driver.

"Many times, drivers keep their cards even though the card identifies the vehicle when they drive different vehicles. This will show the data inaccurately with the fuel going into the wrong vehicle. It is difficult to determine fuel theft if the cards are not managed properly," he said.

Effinger of PAPCO said that developing fuel purchasing policies should help support driver fuel purchasing decisions. And holding them accountable for their decision by way of this is key.

"You must hold employees accountable for purchase activity since they are making buying decisions on behalf of the company. Therefore, your drivers must be held accountable for any potential abuse and misuse," he said.

Lindsay of U.S. Bank Voyager Network said to curb overspending on fuel, fleets should look to receive real-time fuel purchase alerts, and turn to level III data, which provides deep detail on every fueling transaction including PIN, odometer and vehicle/driver ID.

Katz of Chevin further addressed the idea of implementing a fuel management system to curb misuse of fuel card spend.

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"Fleets that buy fuel at designated retail outlets can still control spending and eliminate fuel fraud, by using commercial fuel cards and integrating this data into the fleet management system," he said.

He added that data provided from a fuel management system can help identify vehicles that are achieving the best fuel economy. This can help provide further evidence to help fleets identify appropriate methods of rightsizing.

Carl Bruce, VP of sales for AssetWorks, recommended additional fueling technologies to curb issues related to fuel spend.

"Identify who is fueling and what vehicle is being fueled. Consider advanced technology such as proximity keys or RFID technology in vehicles to automate the transaction and prevent fueling of vehicles which don't have this technology installed," he said.

Another simple factor to consider is the grade of fuel you put in your vehicles. This also plays an important part in effectively reducing fuel spend.

Indeed, Jennifer Gordon, product sales consultant, Merchants Fleet Management, said that fleets may want to think twice before reaching for the premium option. She said premium fuel should only be used when the vehicle's manufacturer recommends it. Sticking to regular when applicable will result in a savings average that can amount to several cents per gallon, she said.

## **5. Assess Vehicle Weight**

However, when it comes to reducing fuel costs, the vehicles themselves aren't the only factor that should be considered — what fleets physically place in or on the vehicles is also important.

Weight added to a vehicle will affect fuel economy in the long haul, as constantly overloading the vehicle will reduce its mpg. Gordon of Merchants said that the "over-sizing" of a vehicle will decrease fuel efficiency.

"Periodically check to be sure the vehicle isn't carrying any added, unnecessary weight," suggested Hall of ARI. "It's a simple matter of physics: the heavier a vehicle is, the more energy it needs to get moving. Keep your fleet lean and mean and your fuel budget will thank you,"

Katz of Chevin echoed this sentiment.

"Carrying excess weight around in vehicles can have a big impact on fuel efficiency; in fact, an extra 100lbs in a vehicle could reduce its mpg by almost 1%. If an item doesn't have to be kept in a vehicle, it should always be removed. In addition, external racks and storage devices should be removed when they are not in use," said Katz.

## **6. Route Tracking**

Having a better idea of the routes fleet drivers take is another key element to monitoring fuel spend. Doing so has become easier over the years with the continued development of telematics and software that can better help fleets track their vehicles.

"If you have a good GPS device along with good mapping and routing software you will save on fuel usage," said DeVinney of Gasboy. He broke down the ways that this can help reduce fuel in three ways:

Route optimization software can maximize the most efficient routes which can help cut back on unnecessary miles driven.

The ability to track personal use versus work use can allow some fleets to allocate some of their fuel spend to the personal use category.

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Being able to locate the closest person for a fleet's next delivery, service call, or emergency will reduce fuel spend versus reaching out to drivers who are further away.

"GPS and telematics technologies make it simple for fleets to plan ahead and to ensure the selected route is the best possible option," added Mark Donahue, manager, fleet analytics and corporate communications, EMKAY, Inc. "Utilize the available tools and help your drivers to avoid getting lost while on the road."

Beyond tracking the location of the vehicles, telematics data can also help to serve as a way for the vehicle to communicate its needs, which can further support factors related to PM.

"Let the vehicle tell you when it needs attention. On-board telematics can alert you when a vehicle needs unscheduled maintenance," suggested Bruce of AssetWorks.

Kavanagh of WEX further stressed the importance of utilizing technologies to improve fleet fuel efficiencies.

"WEX believes it is key that businesses use the tools and data they have available to them, since these tools and data will help them find where they can be saving costs," he said.

## **7. Driver Behavior**

It's not just the routes that fleet drivers take that can affect fuel spend, however. How they drive is also a crucial factor.

"According to the U.S. Department of Energy, aggressive driving can reduce highway fuel efficiency by 33% and city efficiency by 5%," said Gordon of Merchants.

Hall of ARI provided further insight to this, stating that fleets should remind drivers to observe the speed limit and avoid aggressive driving maneuvers.

"Speeding, rapid acceleration and harsh braking can lower gas mileage by roughly 15% - 30% at highway speeds and up to 40% in stop-go-go traffic," said Hall of ARI. "Additionally, every 5 mph a driver goes over 50 mph is like paying an additional \$0.17 per gallon of gas. By simply observing the posted speed limit and driving in a safe manner can help your organization use less fuel and improve the bottom line."

## **8. Monitor Idling**

With the help of telematics data, fleets can also look to curb one of the most egregious contributors to high fleet fuel spend: idling.

"GPS can not only connect to the on-board diagnostics to tell you which vehicle was idling and for how long but also where. This helps the manager figure out why someone is idling," said DeVinney of Gasboy.

Gordon of Merchants said an idling car can waste up to .5 gallons per hour, and Katz of Chevin noted the avoiding unnecessary idling can improve fuel efficiency by more than 4%.

"Anything over 30 seconds of idling uses more fuel than turning off and restarting a vehicle," said Katz.

By using the aforementioned telematics data, poor behaviors such as idling are easier to identify and remediate.

"Idling gets you zero miles per gallon. Excessive idling is just wasted energy, causes wear and tear, and with GPS systems, you can measure, monitor and put in place policies to limit it," said Bruce.

## **9. Looking to Alt-Fuels**

As Katz of Chevin mentioned, looking to incorporate alt-fuel vehicles into a fleet is something fleets could consider. The move to greening a fleet has proved to provide reductions in fuel spend.

“Many fleets have moved toward varied fuel types including hybrid, electric, and CNG. Although in some cases technology has not kept pace with demand, we do see a slowly increasing trend in investment in alternative fuel technologies in response to demand,” said Raynor of Element. “As fuel costs have decreased, there has been less propensity from fleets to switch to alternative fuels, but that quickly changes as fuel costs rise.”

One of the biggest benefits of implementing alt-fuel vehicles is how they may positively improve a fleet's overall average mpg. Indeed, ADP has been gradually transitioning its North American fleet to consist of only hybrid-electric vehicles. The fleet has reportedly gone from an average of 24.3 mpg to 36 mpg.

Clay Siegert, co-founder and COO, XL Hybrids further stressed the significant mpg gains resulting from the implementation of alt fuels in commercial vans and trucks.

“Unlike typical consumer cars which already have mpgs in the 20s and 30s, conventional vans and trucks typically have mpgs in the low teens or single digits. So, swapping out these commercial gas guzzlers, which often drive 20,000 annual miles in fleet applications, for hybrid-electric trucks and vans can actually save even more fuel than the same technology on a consumer car,” said Siegert of XL Hybrids.

## **10. Getting Complete Fleet Buy-In**

There is one key caveat to consider as fleet managers look to consider all of the elements regarding reducing fuel spend, and that's having buy-in from everyone involved in the fleet; including company stakeholders all the way to the fleet drivers.

Wuich of Donlen, agreed with this sentiment.

“It always helps to have a policy in place that is supported by management and adhered to by drivers,” he said.

Making sure that drivers are adhering to the policies all begins with proper training and education.

“Training courses can help to educate drivers on habits that will aid in the reduction of fuel usage. These courses are often available online and can be completed during downtime that will not interfere with daily work schedules,” said Donahue of EMKAY, Inc.

In addition to training, Donahue also encouraged fleets schedule annual rewards that honor drivers who provided the best fuel efficiency by vehicle type. This can help promote efficient driving habits.

Indeed, a strong foundation must be laid out in the first place and this includes establishing a fuel management system and regularly enforcing policies.

“You can't enforce what doesn't exist. Begin by developing a written policy that clearly defines your company's fuel management policy and be sure your drivers are aware of it,” said Hall of ARI. “It should include the rules around fuel card usage, the desired grade of fuel for each vehicle in your fleet preferred fuel providers, steps to take in the event of a damaged or lost fuel card, and any other information that might be specific to your organization.”

Hall of ARI said having employees committed to these policies is key, and can do more than just improve overall fuel costs.

“There is a lot your drivers can do to contribute to lowering your overall fuel costs – plus, the behaviors that encourage fuel conservation are the same behaviors that promote increased safety and sustainability,” added Hall. “It is a win-win all around.”

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