Steps To Fleet Maintenance Vendor Consolidation.

Overcoming the challenges and reaping the benefits.
Vendor consolidation has long been the gold standard for delivering deep cost savings. When done right, full vendor consolidation brings the additional value of standardization, streamlined communication, enhanced supplier relationships, and improved data control and clarity.

While the benefits of consolidating vendors are undoubtedly large, the task itself can be daunting and is perceived to be full of risks. As the leading nationwide provider of fleet maintenance programs, the leaders of Amerit have extensive expertise in overcoming the challenges and pitfalls of vendor consolidation.

On the pages that follow Amerit’s CEO, Dan Williams, COO, Amein Punjani and CRO, Bob Brauer have broken down the process of vendor consolidation into three steps, and provided their thoughts on the benefits, how to’s and the challenges of each stage.
**The Benefits:** The biggest problem that we see fleets struggle with as they try to manage and control a large vendor pool is that the lack of consistency ultimately drives chaos. With every vendor doing repairs their own way you can quickly lose control over your fleet. When done well, Fleet Maintenance Process Standardization brings tremendous improvements in the consistency and quality of services, and overall improvements in the safety and reliability of your fleet. And ultimately, improvements in these three areas lead to large savings in your total maintenance costs as well as a reduction in administrative costs.

**How to:** At a bare minimum, to achieve the desired lift in quality, consistency, safety and savings, you should seek to define maintenance processes, and standardize procedures in these three critical areas:

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1. **A commitment to safety:** the first and most critical area to define and standardize is the commitment to performing all safety related repairs when they arise. Placing a priority on safety related items may sound like a no-brainer but we often see situations where fleet managers are deferring maintenance and pushing out repairs for a variety of reasons. Pushing out the work order to repair a tear in the seat cover may sacrifice your brand a little but pushing out tire maintenance endangers the public, your drivers, your vehicle and ultimately your company.

2. **Define and implement a standardized PM program:** as we stated in our past Ebook “3 Keys to a Safe, Reliable Fleet” https://www.ameritfleetsolutions.com/resources/the-3-keys-for-a-safe-reliable-fleet, a good PM program must be comprehensive and thorough. It must also be well documented and consistent. Ensuring that all your vendors adhere to a standard PM process will give you the confidence that your fleet is in peak condition to perform its job.
3. Set guidelines to help your Fleet Managers and vendors make better decisions. Leaving decisions to the individual to handle in the moment may work for some fleets but when you are driving towards standardization and efficiency, some key decisions need guidance for how and when to make them. For example- Under what situations do you repair an aging vehicle? At what point does your management team identify a vehicle as ready for resale vs continuing to repair a declining asset?

Every fleet makes these decisions on their own terms. It is exactly those terms that need to be defined in order to build standards and efficiencies.

The Challenges: Even with the most well defined and standardized processes, the challenge you are going to face is how do you ensure that the processes and procedures you’ve created are followed 100% of the time? How do you easily track, measure and monitor a diverse vendor pool?

The answer is you need to take the next step- you need clean, consistent fleet maintenance data from all your vendors in a single repository.

The Benefits: Fleet managers with multiple vendors often find themselves in the difficult situation of having multiple, inconsistent and incomplete data streams. Not only does this create a problem in digesting the data, creating laborious hours of slicing and dicing information, and in some cases you may even have holes in the data that undermines the visibility into your fleet and limit the ability to control, predict and improve the performance of your fleet.

By creating a central data base and mandating all maintenance data be entered, you will be able to gain important insights into:

- Which vendors are performing well and which vendors are not
- Status of fleet by VIN, location, region etc
- PM currency and DOT/BIT and compliance with other regulations
- Spot and analyze trends affecting the performance and profitability of your fleet
- Track your spend and make adjustments in your budget
**How to:** Whether you are implementing your own Fleet Management System or leaning on a Fleet Management Company to control data, careful consideration should be given to your needs regarding what data you will require and how often.

Think about the following:

- **KPIs** - what metrics are important to your company and to the performance of your fleet? Most fleets follow a standard set of KPIs including PM currency, downtime, maintenance costs, cost per mile and spend by maintenance task code, however your business may also value other KPIs like task repeats, which measure the quality of work a vendor does, or aging work orders by location, which is an indirect way to measure your vendors’ responsiveness to your needs.

- **What level of detail do you need** - The level of detail that you wish to capture is critical to define early in the process. For example - do you want to be able to separate parts vs. labor spend? Do you want to be able to see the individual parts detail?

  What level of VRMS code do you need? How do you prefer to track and measure costs - by time or by repair type or both?

  The answers to these questions will be determined by the KPIs and analysis you wish to complete. Establishing clear guidelines with your vendors is critical to getting the data that will allow you to run analysis, spot trends and make decisions.

- **What are the targets** - setting targets not only helps you budget and control your fleet but it also helps your vendors know what your expectations are of them. Once targets are set you can easily build score cards that will enable you to see each of your vendors’ performance, where they are strong and where they need to improve.
The Challenges: Now that you have a good Fleet Management System installed, you will now know if you have vendors that are not meeting your standards, but then what? Certainly you will need new vendors to replace the poor performing ones, which is a process unto itself.

If you need to implement a new process, change a requirement or want their help on a new project like analyzing the optimal time for resale of aging vehicles, the downside is that you still need to make dozens of phone calls, have dozens of conversations, eating up precious time and resources from your team.

Also, you may or may not have sufficient clout with each vendor to cause them to comply with your requirements. You may be a big fish nationally but if you have a diverse fleet spread thinly across the country you may not have enough volume with each of your vendors to get the best pricing, support and level of responsiveness your fleet needs.

Simply said, you are not leveraging your total fleet size to your advantage. The solve to this challenge is to reduce your vendor base to a single provider.
The Benefits: As the only nationwide fleet maintenance company focused on providing service solutions that are customized to meet the needs of your fleet, wherever it is, we have a unique insight into what it takes to consolidate your vendors into one single point of contact. Many large, well known fleets have turned to Amerit as their single source supplier for comprehensive maintenance services for all their assets classes.

No doubt it’s a daunting task but the benefits brought to our clients where we are the single source provider are impressive:

- **Cost savings** - When you commit to one vendor you are able to leverage your size to maximize savings.
  - Eliminate expensive third-party vendors. For example, we saved one of our client’s millions of dollars by hiring highly specialized technicians to provide services for specialty equipment that they we previously paying the manufacturer to perform. By doing this, we cut their bill rate for these service in half.
- Parts and tires - with your whole fleet unified under one vendor, your vendor can negotiate better pricing on parts, tires, fluids etc.
- Increased responsiveness from a dedicated vendor reduces the costs and inefficiencies of downtime,
- In addition to leveraging your volume, a single provider will bring additional cost savings in these areas:
  - Mitigates insurance and other financial risks
  - Elimination of costly downtime and out of service vehicles from lack of proper staffing
  - Large reductions of the costs of admin time required to manage a broad vendor network, inconsistencies in billing, warranty capture and other areas.
• **Clean data** - Consistent and reliable data feeds KPI dashboards that give you total control and visibility into your fleet. Without gaps in your data you will have the confidence that your entire fleet is being maintained per your specifications, everywhere across your locations.

Additionally, data enables you to spot trends, making better strategic plans and decisions that will have deep impact on your fleet and your P&L.

• **Ease of communication** - With one phone call you will be able to launch new initiatives, deploy communications, set priorities and align effort to goals.

• **Capitalize on new opportunities** - The right single source provider will enable you to scale up operations very rapidly, capturing new market opportunities quickly and efficiently and enabling future growth.

**How to:** We would be remiss if we did not acknowledge the gorilla in the room- putting all your eggs in one basket presents a lot of risk. If you chose the wrong vendor you risk your career, your company’s financial stability and your ability to effectively operate your fleet. So how do you select a vendor that can truly be your only supplier?

Based on our experience as the single supplier for the maintenance and repair needs of many of the largest fleets in the country, we suggest these steps in choosing your vendors:

**Check references** - Past success is the best indicator of future performance so ask for references and talk to all of them. Ask pointed questions about how the consolidation process went, were there mistakes made? How did the supplier handle communications? Crisis? Did they actually bring all the savings that they presented? What happened in year two? Do they continuously and proactively bring forward other areas for improvement and savings?

Dig in and don’t settle for anything less than perfection- your fleet depends on it.
**Service area**- Many vendors have a strong foot print in some areas but not others. Do they really have infrastructure that is near to your existing locations or will you be forced to drive your assets long distances to where their shops are located?

Amerit specializes in customized service solutions that are deployed wherever our clients need them. Our service solutions are built to be where you need us, and when you need us, because all of our service programs are dedicated to the fleets they serve. This level of dedication and responsiveness allows us to succeed in areas where other suppliers fail.

**Implementation Process**- Does the vendor have a thorough, detailed implementation process that is shared with you every step of the way? At Amerit we have a large cross functional New Business Implementations team that lays out a multiphase process that spans everything from hiring technicians to receiving invoices.

The outcome of the NBI team’s process is not only a well implemented program but also a Playbook that acts as a governing document of all processes, procedures and expectations from day one.

**Piloting**- Even the most thoroughly vetted supplier can leave you with a few doubts. The best way to overcome this is to see them in action before you go all in. Running a pilot in a tough location that really puts your chosen vendor through their paces will demonstrate if they can live up to their claims or they cannot.

Be sure to clearly identify what success looks like and then hold your supplier accountable to that metric(s). If they succeed, you can be confident that they will be able to perform in all your locations.

**Conclusion:**

As with any major undertaking, the task of vendor consolidation is daunting and full of risks. But if you break down the process, take it one step at a time, and thoroughly vet your final, single-source supplier, you will reap the benefits for years to come.
About The Authors.

Dan Williams is Chief Executive Officer of Amerit Fleet Solutions and a member of the Board of Directors. As CEO, Mr. Williams oversees the strategy and execution of Amerit’s business operations, including finance, account management, sales and marketing. He leads the company with an unflinching commitment to integrity, customer service, innovation and financial responsibility.

Amein Punjani is Chief Operating Officer of Amerit Fleet Solutions and a member of the Board of Directors. As COO, Mr. Punjani oversees field operations, safety & compliance, talent management & human resources, business integration and IT systems. He constantly promotes our Company Values of Safety, Customer focus, Ownership, Recognition and Excellence (SCORE).

As Chief Revenue Officer, Bob Brauer leads the sales and accounts team at Amerit Fleet Solutions. With 25 years of fleet industry experience, Mr. Brauer has held a series of sales, sales management, and operation leadership roles.

“We depend on Amerit with our very livelihood. There are no off days for us. We operate all day, everyday; no downtime!”

Regional Director of Fleet Operations

About Us.

At Amerit, we have built our reputation of being the country’s most dependable, trustworthy and hard-working partner through our singular focus on doing one thing, and doing it better than anyone else - Fleet Maintenance and Repair Services.

Our renowned responsiveness, professionalism and customized service programs are fueled by our core values of partnership and integrity, coupled with our unrelenting drive to do whatever it takes to keep our clients’ fleets rolling.

With over 150,000 assets under contract and more than 1,800 highly skilled technicians and managers providing services at over 800 locations nationwide, Amerit Fleet Solutions is the go-to provider for the most complex and demanding fleets across the country, providing improved uptime, reliability and peace-of-mind.

Call or visit us today:
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www.ameritfleetsolutions.com

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