



SIX AVOIDABLE SOFT COSTS IN THE FLEET MAINTENANCE INDUSTRY

WHITE PAPER





With more than two million breakdown events under our belt, TTN Fleet Solutions has learned a thing or two about lowering the cost of fleet maintenance and repair. In fact, it's not just what we've experienced that can help our customers, it's what we *know*.

Our proprietary software has gathered useful data about virtually every breakdown event we've managed over the course of more than a decade. With all that data, it's fairly easy for us to help clients identify and lower hard costs like event management fees, towing, and repairs.

But what's more interesting — and, perhaps, more helpful — are the soft cost savings we've identified and what we've discovered about how easy they are to avoid. These include:

- Driver Turnover Costs
- Lost Revenues Due to Missed Shipments
- Warranty Mismanagement
- Insurance Costs
- Inventory and Parts Management Expenses
- Inaccurate Invoicing

Driver Turnover Costs

Reliable transportation industry estimates put the average turnover rate at the largest trucking companies at more than 90 percent — and the cost of replacing a driver at more than \$8,000.

While the factors contributing to driver turnover are often beyond the circle of influence of fleet maintenance managers, there's plenty these professionals can do to influence driver satisfaction, including:

- Ensure routine preventive maintenance practices
- Develop a process for addressing issues reported by driver during daily inspections
- Replace or rebuild components before they fail
- Use milestone management to keep drivers informed throughout breakdown events
- Speed breakdown response time to ensure drivers get back on the road — and home to their families — as quickly as possible

"Never leave a driver in the dark," explained Matt Dunn, Senior Operations Manager of TTN Fleet Solutions. "We have a policy of treating drivers like customers and providing them with quick, hassle-free access to maintenance requests, because we've learned that good communication is key to driver retention."

Another key factor is safety. Drivers know their profession comes with inherent risks; however, when fleet operators keep equipment well-maintained and in top running condition, drivers take note. "Drivers value their safety and tend to stay longer with employers who demonstrate they value driver safety, too," Dunn concluded.

Lost Revenue Due to Missed Shipments

TTN was founded by executives from the fleet operations and maintenance industries; therefore, the company's culture includes a strong disdain for failures in service. We estimate the cost of missed delivery at an average of \$800.

Fortunately, "lost time" doesn't have to mean a "missed shipment."

// Never leave a driver in the dark... good communication is key to driver retention.

**Matt Dunn, Senior Operations Manager
TTN Fleet Solutions**

Over the past decade we've improved our call center protocols from "answering phones within seven seconds" to responding *instantly* to requests for help from drivers. Here are some best practices we've learned from our experience.

- Institute a competency-based approach to hiring, training, and promoting call center agents. Anyone who touches a fleet's breakdown and recovery



process should be a knowledgeable, maintenance professional with a proven track record of education and experience.

- Practice event monitoring and scoring. Evaluate your team’s performance on 100% of calls. Ensure protocols were followed, objectives were completed, and events were managed and closed out in accordance with standard procedures.
- Incorporate customer feedback into technology improvements and other performance improvements.
- Train and operate for retention. Keeping your top performers is critical to servicing drivers and keeping equipment in top condition.
- Empower your agents. Establish protocols that let agents act as decision makers within consistent, relevant guidelines.

At TTN, all of these practices are built-into our proprietary software and event management systems. These practices lead directly to getting drivers get back on the road, quickly, thereby increasing capacity and the number of loads trucking companies can deliver.

Warranty Information Management

Most commercial vehicles have systems and components from a variety of manufacturers and suppliers. Each of these vendors — in addition to the original manufacturer — may have varying processes for submitting claims. Warranties may not all expire at the same time. And some warranties may be dependent upon where the warranty part is purchased or where the warranty service is performed.

“ Our software...helps users maintain discipline and control over warranty claims management.

**Josh Dill, Director of Business Integrations
TTN Fleet Solutions**

No wonder it’s been, historically, so difficult for fleet operators to perfect warranty management.

Fortunately, TTN’s software allows clients — and our agents — to closely monitor parts under warranty to ensure clients don’t purchase items that are covered by manufacturers’ warranties.

“Used properly, our system assists users in getting all the information they need to track, identify, process, and file claims,” explained Josh Dill, Director of Business Integrations of TTN. “The secret to managing these soft costs is the setup process associated with entering assets into our system and capturing all relevant data from the start.”

Whatever system you use, capturing warranty data and getting each parameter correct for each asset is paramount. Once that happens, modern systems like ours will alert fleet maintenance professionals of warranty opportunities and suggest the lowest-cost approach to getting vehicles repaired. But capturing that data isn’t the only factor that contributes to great warranty management. For example, maintenance professionals need to know what’s necessary for warranties to be enforced.

“You might need to change oil every so many miles. Or you might need to have regularly scheduled maintenance performed. If you miss a requirement, you may incur unintended and otherwise avoidable costs. Fortunately, our software tracks all of that information and helps users maintain discipline and control over warranty claims management,” Dill concluded.

Insurance Costs

When an accident occurs, if fleet owners fail to get complete reimbursements from insurance companies, fleet owners are incurring unnecessary soft costs. But many fleet operators overlook soft costs associated with insurance that are even less direct than reimbursements.

Factors such as Claims Cycle Time and administrative effort can add to the cost of accidents. So can



inadequate claims negotiations, missing documentation, or failure to audit claims and reimbursement processes.

TTN suggests an insurance claim management process with these features:

- Damage and repair documentation gathered by experienced experts
- Digital access to claim information, including photos, estimates, and detailed notes
- Every claims estimate reviewed by an expert
- Expert negotiation
- Visibility by all stakeholders into requested vs. received insurance reimbursements
- Digital auditing of every claim processed

Inventory & Parts Management Expenses

For fleet operators, parts management can be an exhausting, never-ending process. But TTN's experience with customers who work to improve parts management and to optimize parts in inventory illustrates many fleets can reduce the soft costs of inventory and parts management expenses — on average — by 30 percent.

"Our systems can put careful, practical parts management within reach for all fleets," explained Dill. "We provide the benefits of parts management IT without a large investment. In TTN's software, for example, users simply log-in to enter a repair order, and everything is managed from there."

We help our clients reduce inventory levels and parts-management expenses by ensuring only parts that are needed are ordered — and that they are ordered from where it makes the most sense. We also ensure that old parts are kept when needed; plus, more purchasing power adds another layer of expense reduction.

Inaccurate Invoicing

"If you're still auditing repair shop invoices manually. You're very likely incurring soft costs you can avoid," explained Tyler Harden, Executive Vice President of TTN. "Not only are you paying for the 'auditor,' but you're also introducing the possibility of human error

into a process that can be audited electronically and simply confirmed by humans, as needed. You're almost certainly paying too much."

Customers who use TTNs software realize immediately that the days of inaccurate invoicing are over. From the time an order for service or repair is placed — through the time an invoice is paid, service providers and vendors are subject to one hundred percent accountability.

And because our vendors are qualified within our system, they understand that if they perform services without necessary approvals, they simply will not be paid.

"Every detail of every order is carefully managed," Harden explained. "It may be the most Draconian feature of our software. Vendors are managed down the minute — from the time they need to begin driving to meet a service level commitment to the time they arrive. From the roadside inspections they perform to the repair shops they might choose, along with their reasons why, all of this is subject to scrutiny. And because every service requires an estimate and approval, nothing gets by our system. Service and repair costs are 'as promised,' or payment is rejected. Every fleet needs a system like this. It's actually something far-better handled by technology than by people."

Other Costs Are Also Preventable, Too

If you manage a call center, then employee turnover, people not showing up for work, and mishandled repair events are also costs you can avoid.

We urge you to explore a relationship with TTN Fleet Solutions. Let us illustrate how integration between your technology and ours can help you mitigate risk, lower expenses, enhance reliability, and maintain control of fleet maintenance management.

For more information, contact your TTN Fleet Solutions Representative, or contact Tyler Harden at tharden@ttnfs.com.