

# When Delayed Fleet Replacement Is (Unfortunately) Inevitable

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# Agenda



- Economics of Fleet

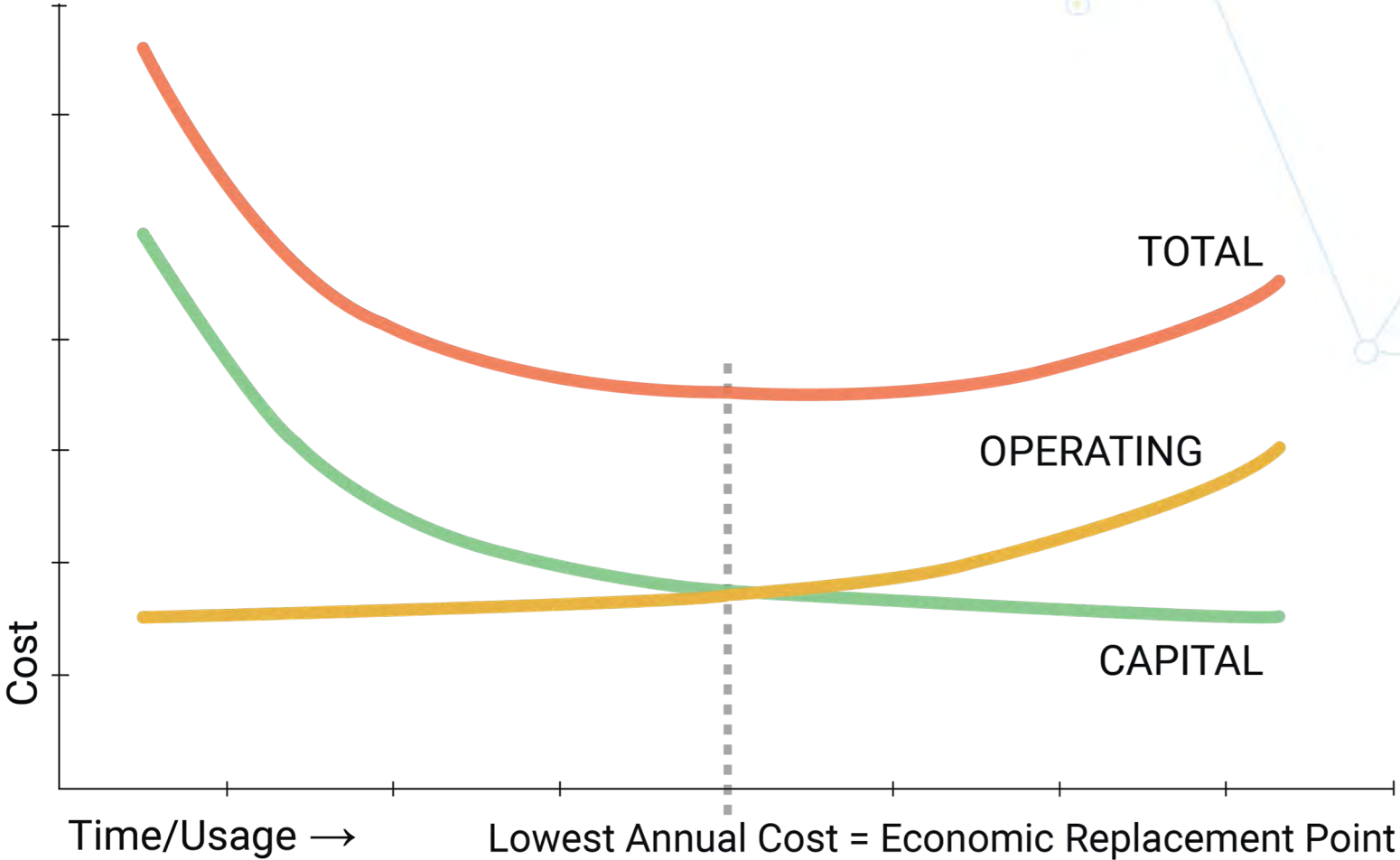


- 5 Steps of Informed Delayed Fleet Replacement



- Case Studies and Solutions

# Economic Theory of Vehicle Replacement



# Total Costs of Ownership

## Fixed

- Depreciation
- Cost of money
- Insurance
- Administration

## Operating

- Fuel and lubricants
- Maintenance
- Collision repair

## Incidental

- Parking
- Tolls
- Washing

# Fixed Costs

- Administrative Overhead
- Fleet Management Overhead
- Make Ready/Refurbishment
- Cost of Money
- Licenses & Taxes
- Insurance
- Depreciation

# Operating Costs



# Incidentals





# LCA Equation

Acquisition costs

+ fixed costs+ operating costs

- personal use payments

= Lifecycle cost



# Delayed Replacement

## Advantages

- Prioritizes operations
- May be less expensive (short term)

## Disadvantages

- Higher TCO
- Image
- Safety
- Downtime
- Operational degradation



# **Weighing the Advantages and Disadvantages**

# Informed Delayed Replacement

1. Understand the budget reduction.
2. Evaluate the short- and long-term costs and impacts.
3. Educate decision-makers on these impacts.
4. Explore less costly alternatives.
5. Implement wisely.

# Understand



- Rumours vs. Reality
- “What If” Analysis
- Fleet Manager Involvement

# Evaluate



- Short-term vs Long-term
- Impacts on:
  - Maintenance
  - Outsourcing
  - Downtime
  - Services
  - Moral
  - Image

# Educate



- What?
- How?
- Examples of models



# Explore

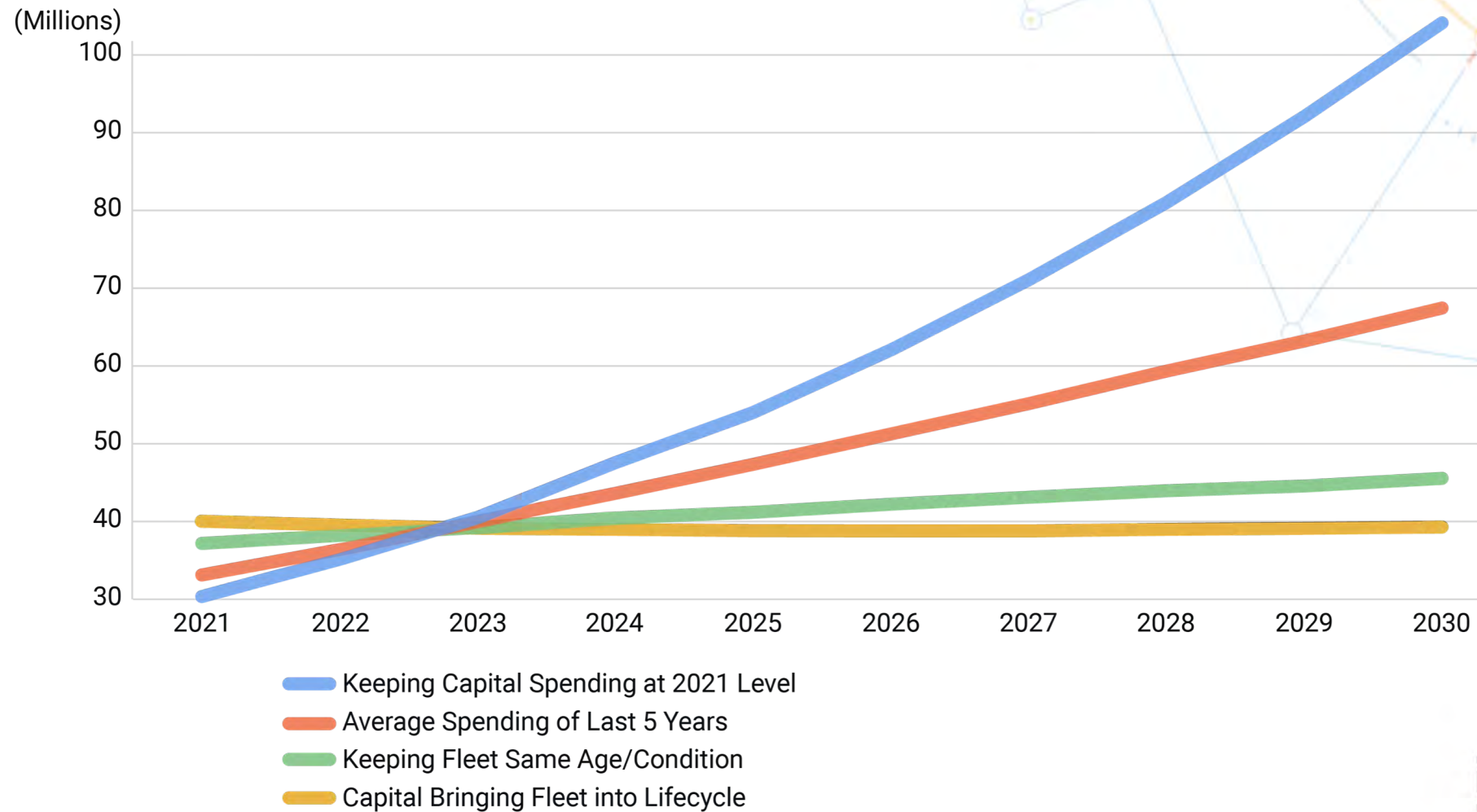


- Program or service reductions
- Fleet Utilization Review
- Purchasing used vehicles
- Other:
  - Rentals
  - Mobility allowance
  - Public transit

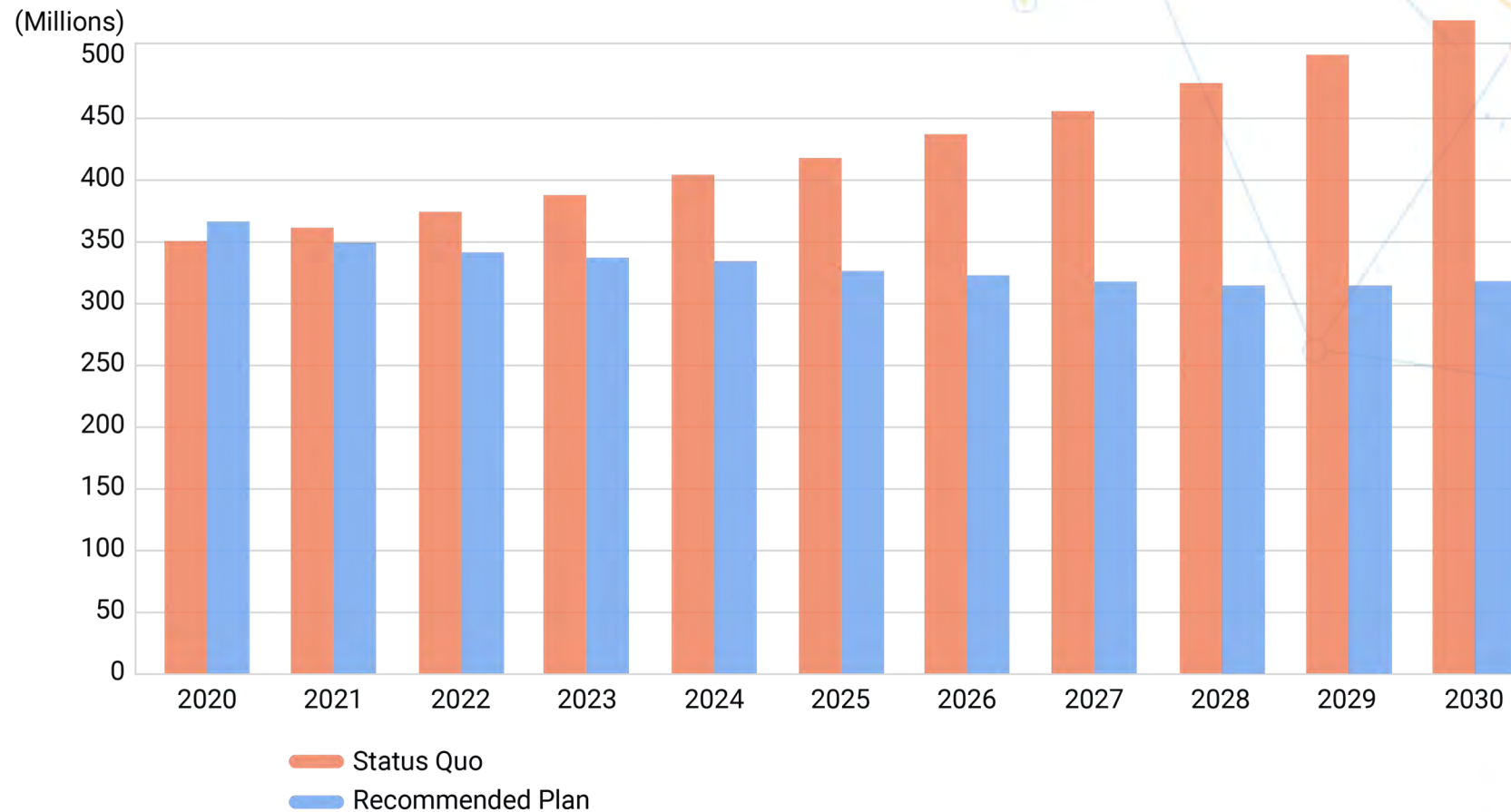
# Implement

- Points System
- Replacement Plan

# Case Study: Combined Fleet TCO Projections



# Case Study: Total Cost of Ownership



# Conclusion



Understand



Evaluate



Educate



Explore



Implement

# Questions?

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