

# BENCHMARKING:

## A Powerful Tool for Developing Fleet Maintenance Strategies

By A. Daryl Pullin and Kathy Botticello

### *How do you measure up?*

**F**leet service organizations—utility fleets, municipal and state fleets, oil field service fleets—throughout the United States are struggling to operate more efficiently. Growing numbers of private and public fleet service organizations are discovering that their very survival depends on sound strategies that require simultaneous improvement in both the quality of their services and the competitiveness of their pricing structures.

Many of the nation's leading fleet organizations are undertaking comprehensive competitive assessments and formulating maintenance strategies for the aggressive pursuit of a better competitive position. Benchmarking now is applied widely as an essential element of most long-term business plans. This ongoing process of measuring performance enables management to see where they are in relation to peer organizations and to set goals for improvement that are based on the demonstrated achievements and practices of top performers.

Popularized by Xerox in the 1980s, benchmarking has been recognized by many organizations as a powerful management and maintenance tool. A recent survey of more than 500 companies worldwide showed that some 82% of US companies use competitor comparisons as a major or primary factor in their strategic planning process.

### **Benchmarking for Fleet Organizations**

Fleet performance or benchmarking reviews constitute a detailed evaluation of the major activities undertaken by the fleet enterprise. Benchmarking studies for fleet organizations should cover all major functional areas. Performance-related data are collected and used to define quantifiable standards or benchmarks of performance. These

benchmarks provide a guide to discovery of the practices that drive top performance. The information disclosed through a fleet benchmarking study should enable management to implement initiatives that can:

- reduce costs,
- dramatically improve performance,
- increase stakeholder value,
- enhance competitive position by winning and retaining customers.

**Figure 1.**

### **Forces Supporting Change**

- Top management vision
- Financial need
- Momentum of current implementation efforts

### **Forces Resistant to Change**

- Existing culture
- Skill needs
- System and budget constraints

**Status Quo**

### **Benchmarking**

- Helps break status quo mindset
- Identifies quick wins
- Provides catalyst for change



Photo: Stellar Industries

### Fleet maintenance tire service truck

Benchmarking is most effective when done as part of an ongoing performance improvement process, rather than a standalone, one-time activity. Because continuous improvement is the ultimate goal, benchmarking studies should help develop clear performance targets, create champions for new ideas, and break the often-prevailing mindset that current performance is acceptable or that ideas from outsiders can't possibly work.

### Methodology

Organizations should take care to ensure that analyses are relevant, accurate, and useful to participants. The best results are obtained by having studies conducted by specialists in performance measurement or by management and technical professionals who are experienced in dealing with the organizational and functional aspects of fleet operations.

Oftentimes benchmarking is most effective when the approach is a collaborative one, developed under the auspices of a focus committee established before the study commences. This committee, made up of representatives from participating organizations, can help refine objectives, approach, and emphasis and assist in anticipating and avoiding potential pitfalls during the benchmarking process.

The collaborative nature of benchmarking provides a forum for sharing ideas, strategies, and methods among vehicle service providers' fleets facing similar pressures. It also allows participants to pursue a performance improvement program that could be too

costly if initiated independently.

Benchmarking studies usually are conducted in four stages:

**Stage 1:** The participating group will approve the functional areas to be examined and identify objectives for each area. Processes and work activities will be defined clearly for each functional area. Process-resource inputs, service and product outputs, and workload drivers will be identified and defined.

**Stage 2:** Carefully constructed questionnaires and interview guides are prepared to collect and compile performance and practice information from the participating organizations. This information then is analyzed, and cost and service performance data are validated on a process-by-process basis, ensuring at all times that performance measures are relevant and consistent. Structural or environmental differences among the participants should be examined and, where uncontrollable factors are identified, adjustments made for comparability.

**Stage 3:** Participants should examine the prac-

tices used by top performers in each process area and identify those innovative methods that underlie the best cost and service-level performance. This could include interviews with fleet managers, internal customers, and other stakeholders. It also makes sense to research leading practices from organizations outside of the group. Analysis of fleet management and business practices will document the specific methods and tools used by top performers to manage resources for maximum advantage.

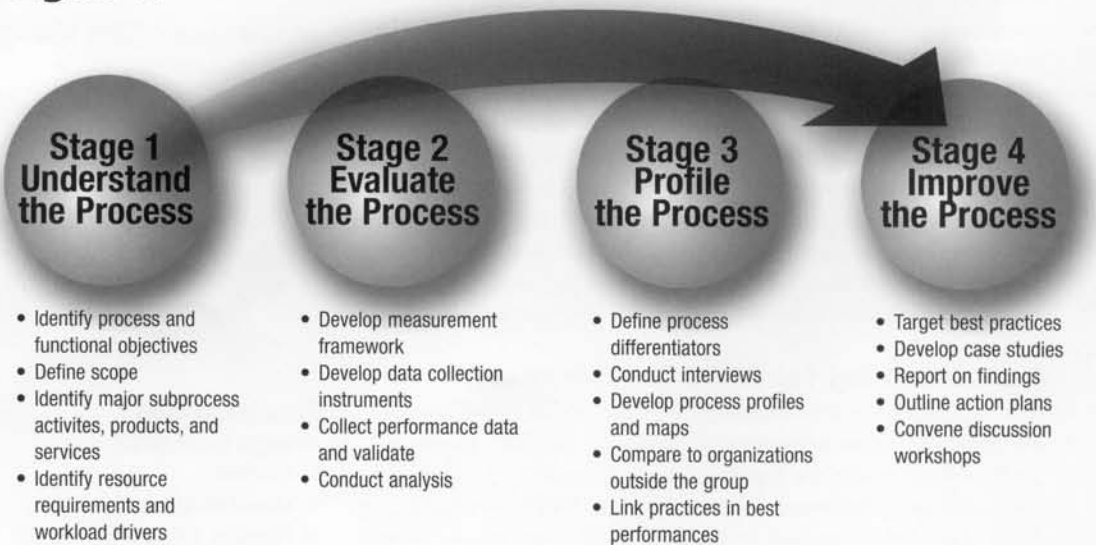
**Stage 4:** Convene interactive workshops to report results and share insights. These work sessions are designed to promote active, face-to-face interchange of information and ideas among the participants regarding the applicability of best practices and performance standards for each organization.

### What Functions Should Be Examined?

Measurable outputs in any organization typically are found at the functional or departmental level and below. To discriminate observable outputs selectively, the actual work processes must be investigated. Although these work processes are the value-added activities of the organization, it would be impractical to examine each and every process. Only those processes of greatest interest (and highest potential payback) should be examined.

Benchmarking studies normally examine two major process areas: fleet administration and fleet maintenance. In each area, significant individual work processes should be examined. These could include work activities covering procurement, disposal, analyzing fleet records, fueling operations, administering pool vehicles, regulatory compliance, pre-

Figure 2.



**Figure 3.**



- Procure fleet vehicles
- Dispose of fleet vehicles
- Administer fleet vehicles
- Fueling operations
- Collect, maintain, and analyze fleet records
- Licensing/permitting, regulatory compliance



- Preventative and predictive maintenance
- Repair/corrective maintenance
- Assembly and disassembly of truck-mounted equipment

ventive maintenance, predictive maintenance, and repair. Best service and productivity performances for each process then are identified.

It is important for participant managers and employees to take ownership and actively participate in any benchmarking program so that they understand the methodology and feel confident giving their buy-in.

### Advantages of Fleet Benchmarking

Benchmarking can identify indicators and best practices that enable management to

**Figure 4.**

#### Service Level

- Outcomes: How much?
- Breadth of service: How many?
- Customer satisfaction: Quality



#### Productivity

- Total resources or cost plus or minus
- Adjustment factors divided by
- Workload drivers



Photo: Rotary Lift

challenge the status quo, improve performance, and increase customer value. At a minimum, organizations should expect the following from a comprehensive benchmarking study:

- A planned approach to benchmarking is critical to gaining the full value of time invested. Careful planning eliminates expensive false starts and uncertain study direction.
- Productivity measures that are relevant and comprehensive and exclude the effects of uncontrollable differences among the participants are important. Measures should build credibility by addressing the concerns of fleet managers and employees regarding the true comparability of data.
- Levels of service for each process activity should be evaluated for adequacy of features that add value to the user. To avoid sometimes-misguided recommendations based solely on observed cost performance, studies should take into consideration levels of service for each activity in addition to costs.
- Capability levels should be developed when practical for each organization. Using this measure, management personnel can evaluate their organization's "capacity to handle change" in today's dynamic environment.
- Onsite visits and focused interviews can be useful to clarify participant responses and reveal innovative practices. Strict validation of data and linking of top performance to the underlying practices distinguishes a thorough study from less comprehensive, surveylike studies.
- Case studies describing how superior performance is achieved are an important part of any measurement

study. Studies should provide information on alternative views of roles, customers, products, and services, as well as innovative methods, technologies, practices, and approaches.

### Could You Benefit From Benchmarking?

If you have asked yourself ...

- Is our fleet organization competitive now? Will we be able to compete in the future?
  - How can benchmarking be used in support of our efforts to reduce costs and improve customer satisfaction?
  - What practices are used by top performing organizations to capture lasting productivity and service level improvements?
  - How can we break the status quo mindset that limits our ability to improve performance?
  - How can service and line organizations work together to enhance the core business?
- ... then your organization will benefit from participating in a comprehensive benchmarking study.

**MSW**

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Photo: Rotary Lift

# think. challenge. change.

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Ponder the *right* questions.

Your paths are limitless. But knowing how to choose a successful direction is difficult in an evolving marketplace. The industry continues to grow and change, and you should be positioned to succeed. Do you have the necessary expertise? **Think with purpose.**



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