



# What Every Business Must Know Before Investing in a **Vehicle Tracking Solution**

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Vehicle tracking offers a wide range of benefits, but it's important to set yourself up for success before implementation. Even with more and more organizations adopting vehicle tracking technology, it can seem intimidating to find the right solution for your fleet. From the initial investment all the way through optimization, having an implementation plan is as critical as the solution you choose.

## Vehicle Tracking Implementation Plan

STEP

1

### Understand long-term benefits

The ROI of a vehicle tracking plan can offset the upfront investment costs.

STEP

2

### Quantify your costs

Improved operations and the ability to scale may not be traditionally quantifiable, but they are major benefits of a vehicle tracking solution.

STEP

3

### Create a measurement benefit framework

Establish your goals: Where do you want to make an impact, and by how much?

STEP

4

### Know your metrics

Make sure you're up to speed on both standard and tactical metrics.

STEP

5

### Plan ahead for optimizations

The insights you gain post-implementation will help you plan for the future and pivot as needed.





The upfront cost of vehicle tracking can be daunting: the initial investment can cover a wide range of pricing depending on the solution package you choose. These upfront costs cause many companies to hold out on spending without considering the long-term benefits of a vehicle tracking solution. Most hesitant buyers don't understand how to measure the savings on service, maintenance, fuel costs and administration, not to mention less quantifiable but still impactful operational benefits.

Vehicle tracking can reduce the average journey time by 14% and lower maintenance costs by up to 25%.<sup>1</sup>



Preventative maintenance through vehicle tracking can save up to 25% on costs versus relying on reactive repairs. Driver tracking reduces the average journey time by 14%, meaning big fuel savings. For administrators, vehicle tracking means reduced paperwork, less labor, lower insurance costs and fewer legislative fees due to the electronic nature of the tracking solution. And faster routing, better employee accountability and increased fleet visibility have significant second-order effects.

While all these benefits are enticing, it's vital to quantify them in the context of your particular circumstance in order to justify the investment and ensure that your implementation model is the best for your business.

## Quantify Your Costs

After understanding the cost-benefit structure, getting set up for success is the next big hurdle to overcome. Without full visibility into day-to-day operations and their associated challenges and costs, it's impossible to create the case for investment in vehicle tracking technology.

**Accounting for all of your current costs** in full is vital to the process. This includes maintenance and repair, fuel and consumables costs, administrative and labor costs and other intangible costs that are critical, but harder to quantify. To start, figure out how much maintenance and repairs cost on a monthly or yearly basis. Often, businesses chalk these up as a fixed cost of doing business without closely tracking costs

overall or (even better) on a per-vehicle basis. Getting a handle on these costs to date requires a disciplined accounting of expenditures, which can be tedious, but will yield great insights.

For example, a simple spreadsheet built to combine “hard” expenses, such as new parts, and man-hours dedicated to vehicle maintenance can shed light on your per-mile maintenance and repair costs.

## Shed light on per-mile maintenance costs like new parts and man hours dedicated to vehicle maintenance.

Similarly, consumables like fuel are trackable expenses that can be lowered through a vehicle tracking system. Due diligence must occur up front to determine historical costs, so you can understand how vehicle tracking will impact them.

One of the more difficult savings to quantify numerically is **reduced labor and administrative costs**. For businesses impacted by legislation that mandates vehicle tracking technology, costs or fines associated with noncompliance can be factored into ROI as an extremely simple calculation. Beyond that, you can examine the staff costs associated with tracking vehicle activity as well as providing service information to customers. There may be right sizing as a result of vehicle tracking implementation that would yield significant cost savings.

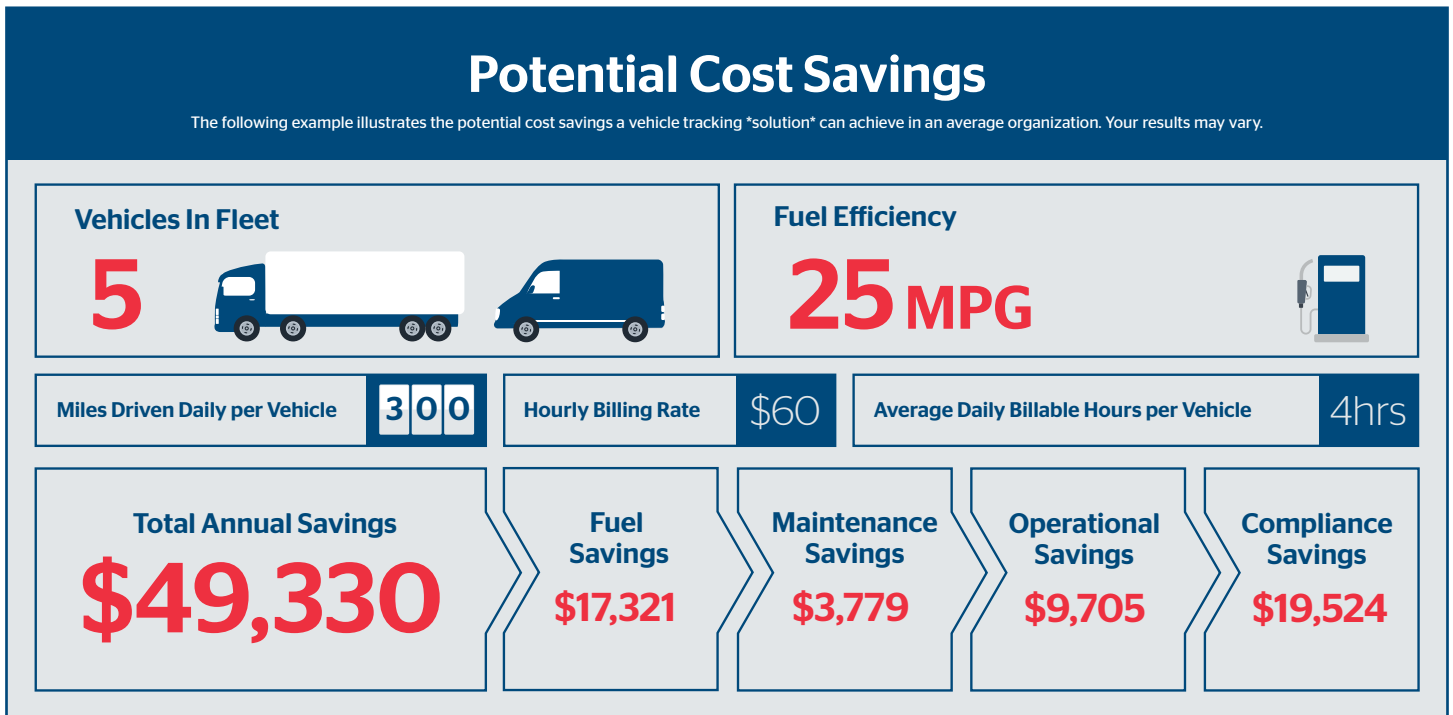
Another difficult to define, but potentially wide-ranging benefit is **the opportunity to scale your business**. Ask yourself: would expansion be significantly easier if logistics weren't as challenging and/or costly? If so, the increased revenue potential would become part of the ROI calculation for any installed system. As an example, without vehicle



tracking it's difficult to rely on anything but the honor system for distinguishing between professional and personal use of company vehicles, as in the case of a sales force. With vehicle tracking, it's easy to make the distinction and more easily reduce associated costs to the business.

# Create a Benefit Measurement Framework

While documenting these costs can be overwhelming, in many cases you can actually do so with the support of your chosen vehicle tracking technology vendor, who can supply worksheets to help you begin developing a detailed picture of these costs.



Once you've established historical costs, it's important to work closely and communicate clearly with your vehicle tracking solution provider to establish clear goals for the system. Creating a measurement framework is the next step to successfully implementing a vehicle tracking solution. Establish KPIs for the system that answer the questions:

*"What are we looking to impact?"*

*"By how much?"*

As part of the KPI exercise, establish a reasonable time frame for achieving the targets.

Having this framework allows thoughtful and strategic use of the system, making it immediately apparent not only how the system is performing, but when there are issues impacting fleet or system performance. This allows for an ongoing system for vehicle and personnel optimization.



# Know Your Metrics

Within any effectively designed vehicle tracking measurement framework, two different types of metrics will become apparent: strategic and tactical.

## Strategic Metrics

Strategic metrics demonstrate issues with the overall vehicle fleet or operational procedure. These develop trends over time, impacting policy and overall operations. A few examples include:

- Suboptimal delivery/route scheduling
- Personnel scheduling
- Poor customer demand prediction
- Personal vs. professional vehicle use policies

## Tactical Metrics

On the other end are tactical metrics. Tactical metrics become apparent more quickly and generally impact the business in a way that's easy to recognize on smaller timeframes. A few examples include:

- Personnel misuse or abuse of time
- Unsafe driving habits at the individual level
- Falsified usage or maintenance records for individual vehicles
- Customer inefficiency/over servicing

## Plan Ahead for Optimizations

Implementing your system is only the first step. Once you've defined and addressed existing issues, it's time to focus on optimization.

The insights garnered from your first 3-6 months should make optimizations and system improvements immediately apparent.


These could include:

- Tighter, more frequent reviews of measurement and metrics frameworks
- Additional hardware and monitoring systems
- Policy changes
- Adjusted or new KPIs and system objectives
- Additional staff training

Keeping in close touch with the experts who assisted with implementation is vital for the first six to twelve months as you fine-tune the system. Consider building optimization scope into the contract to allow for ongoing consultations and support.

## Conclusion

**Vehicle tracking** is a powerful tool in the pursuit of greater profits, accountability and customer service. By keeping close track of historical costs versus post-implementation results, as well as rigorously seeking out ways to improve, you can ensure you get the most out of your system and deliver far beyond its expected ROI.



U.S. Cellular® offers a broad suite of vehicle tracking solutions - all backed on a network that works in the Middle of Anywhere.

To learn more, call **1-866-616-5587**  
or go to **[uscellular.com/business](https://www.uscellular.com/business)**.

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## Sources

1. Maximizing ROI on Fleet Management, Tom Tom, [amazonaws.com/cdn.webfactore.co.uk/6443\\_ttb-maximising-roi-on-fms.pdf](https://amazonaws.com/cdn.webfactore.co.uk/6443_ttb-maximising-roi-on-fms.pdf)



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