



Transport Torque

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Fleet configuration – don't mix it up!

In the context of increasing fuel prices, stagnant or decreasing interest rates and tepid customer demand, operators of small and medium fleets are increasingly “shopping around” to achieve relatively small savings on truck purchases.

Whereas previously a fleet of 15 trucks could be made up of only one or two makes, I am now regularly seeing four, five or more makes of trucks in these fleets. And big savings on trucks coming in from China now will only add to the diversity of brands.



But I've always thought that focusing on one brand makes the best business sense. Whilst getting the best deal may seem logical in the short term, there are some critical implications of diverse fleet configurations which can't be ignored:

- **Repairs and maintenance:** With few common spares, operators have to hold a greater number (and value) of spares, tying up valuable working capital, or risk having trucks unproductive while spares are sourced.



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- **Mechanics:** In-house maintenance staff must be familiar with all makes that the fleet operates – but it is difficult for small fleet operators to retain highly qualified mechanics.
- **Scale:** Whilst bargaining on one-off purchases may yield savings, loyalty to one brand over time makes the customer more valuable to the manufacturer, and elicits deals which are likely to outstrip short-term savings.
- **Safety:** Drivers' familiarity with their trucks is critical to road safety – imagine jumping into a new car and figuring out where the gauges are whilst driving – add 60 tonnes of truck into the equation and it's a recipe for trouble! Quite simply, more makes in a fleet should equal more training and familiarisation time for drivers, adding to inefficiency and increasing safety risks.

The lesson for financiers is that your customers need to demonstrate a longer term view in purchasing decisions.

While financiers are not in the business of questioning purchasing decisions if the application stands up, relationship managers and bankers should be ready to talk to their customers about this issue and highlight that sometimes the best deal isn't really the best deal.

Regards

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