Reducing Overhead Costs While Increasing Service Revenue

How GPS Fleet Tracking Technology Can Help
Increasing Revenue in a Competitive Marketplace

Service businesses, no matter what industry, often face challenges trying to maintain day-to-day operations while also growing their business and increasing service revenue. You may be needing new supplies for your vehicles, dealing with employee issues or just finding ways to differentiate your business in a crowded marketplace. Beyond your daily operations, you’re also trying to win new business and may be competing against larger organizations that have more time, money and resources.

For many service businesses, it’s hard to reduce overhead costs such as payroll, fuel, maintenance and insurance when you are trying to operate a productive fleet. Your vehicles are at the heart of your operations. If one vehicle is out of commission, it affects the amount of jobs your business can complete in a day, ultimately affecting your service revenue.

Managing your fleet efficiently is critical to the success of your business. Can you provide accurate ETAs to your customers or do you give them a vague service window? Are you aware of any unauthorized vehicle use after hours or on the weekends? If all of your processes are manual, it’s virtually impossible to know the answers to these questions and others that can affect your expenses and profits. What you don’t know, you can’t measure.

If you are a small to medium-sized business, there is a way to level the playing field. GPS fleet tracking technology can help you pinpoint areas of your fleet operations so you can improve overall fleet productivity while decreasing your overhead costs. This will directly increase your bottom line. Before we look at how fleet tracking technology can optimize your fleet operations, let’s look at some of the challenges you face more closely.

An Unpredictable Economy, Rising Gas Prices and A Competitive Marketplace

Beginning in 2007 – or even earlier if you ask some – the country began to go through a recession. Now, most businesses are trying to do more with less. Depending on who you ask, you’ll get varying opinions on whether we are still in a recession or not. Regardless, the economy is still struggling and most service companies have to reduce their workforce until business picks up. Additionally, predicted rising gas prices are compounding the issue for service fleets.

A Forbes magazine article, “Spiking Summer Gas Prices to Ding Home Sales, Consumer Confidence,” states, “Gasoline prices could spike high enough to significantly rattle consumer confidence and further depress an already sluggish U.S. home sales market.” With less new business and rising overhead costs – fuel being one of the most costly - managing a service fleet just got harder. So businesses with a fleet of vehicles are looking for tools that can help them mitigate rising costs while improving their service revenue.

If you are in a crowded marketplace, you also have the challenge of standing out from your competitors. How can you ensure that you get that new bid, service call or job? The economic climate has already lessened the amount of work out there, and you need to be sure you are ready for any new bid that a potential customer puts in front of you. These are just some of the market pressures driving service companies to look at GPS fleet tracking solutions. But, before we look at the benefits of a GPS fleet management solution, let’s look at some of the challenges you face more closely.
The Cost of Business Hanging Over Your Head
While there is always a cost to doing business, service businesses face additional expenses that other businesses don’t. Managing a productive fleet brings additional costs for most service businesses. Additionally, the rough economic outlook tightens your profit margin.

Service businesses that operate fleets have additional expenses that most businesses don’t even have to consider. Yes, every business owner has to deal with payroll expenses to keep their doors open, but not every business owner is concerned if their employees are “padding” their hours to receive more overtime. Are your timecards an accurate reflection of your labor expenses? Are your billable hours adding up correctly? Time spent on a job site or at a customer location can often become a game of “he said/she said” with no fool-proof way to validate the time your employees spent on the job.

Two overhead costs that are unique to businesses with a fleet of commercial vehicles are insurance premiums and maintenance costs. First, let’s take on your insurance expenses. Your vehicles are the most valuable assets of your business. If you’re not insured you are out of commission…literally. Once your drivers leave for the day, you are putting your faith in them that they will follow all traffic laws and avoid speeding and aggressive driving that can lead to costly tickets or lawsuits.

And while you may have faith, your insurance company likely isn't as trusting. Their premiums for you will reflect your drivers' behavior and if you’re doing anything to curb reckless driving. Another consideration? Your vehicles are a mobile ad for your company. Do you really want that kind of public relations if your drivers are tearing through a residential area?

Another cost that is directly attributed to your vehicles is maintenance. What happens to your level of productivity if one or two vehicles are out of commission? You get less done in a typical workday and produce less service revenue as a result. Depending on your drivers to tell you when their vehicles need regular maintenance or that something is wrong with the engine is not a proactive approach to prolonging the life of your vehicles. And it’s only going to add to costly repairs, or even more expensive replacements.

Finally, if you are still going through the time-consuming process of manually creating your employees’ daily itineraries, you are bound to be missing ways to improve efficiencies. You can’t track the routes they take, so you don’t know if they are following your planned route or even the most efficient one. How much fuel is wasted in a single day due to excessive idling at a customer location or just the mere fact that your routes are inefficient. With $5 a gallon gas expected by summer, your fuel expense just became your most volatile expense. How can you mitigate something you can’t control?

Now that we have addressed some of the problems you face on a daily basis, let’s look at how fleet tracking technology can help solve them.

Increasing Revenue and Reducing Expenses with GPS Fleet Tracking Technology
A GPS fleet tracking solution can help you address all of these problems and more, but for now, let's stick with the issues at hand. Payroll expenses for service and distribution companies can be tricky to accurately track as many companies still use manual timecard systems that can easily be manipulated.
With a GPS vehicle tracking solution, you can use a simple Start/Stop Report as a virtual timecard to validate the hours your employees have worked for the day or week. Additionally, this report gives you the data to accurately bill your clients. There’s no more indecision about when a crew or employee was at a customer site. You can easily pull actionable information from a GPS fleet management solution to validate time spent on the job.

The cost of your insurance premiums can also be lowered with the use of a GPS fleet tracking solution. Think about it: if you know where your vehicles are at all times and how fast they are driving and what they are doing, you are going to be a much safer bet for an insurance company. The added benefit? If for some reason your vehicle or assets on the vehicle are stolen, you can tell the insurance company or police exactly where the vehicle is by pulling up the location in the GPS fleet tracking application.

Additionally, automating your maintenance schedules will save considerable amounts of money in the long run. Not only will you proactively get your vehicles in for service when they need it, but you avoid the more expensive repairs that come from neglect and lack of service. Proactive maintenance means healthier vehicles and more employees getting their work done any given day.

And the one overhead expense that nobody can avoid, especially with the rising price per gallon, is fuel. However, there are ways to mitigate the expense. Running an Idle Report on your fleet of vehicles can help you dramatically reduce your fuel consumption as well as emissions. Additionally, using an automated efficient routing tool can get your employees to their jobs in the shortest distance possible, saving time and money.

Now, let’s look at the NexTraq™ Fleet Tracking platform and how it can help reduce your overhead costs and increase service revenue.

**The NexTraq Fleet Tracking Platform: Take Your Business to the Next Level**

With the NexTraq Fleet Tracking platform and its applications – Fleet Dispatch, Fleet Metrics and Fleet Mobile – you can reduce your overhead costs while increasing your service revenue and growing your business. Our customers have done just that. Maybe that’s why 95 percent of our customers would refer us to another business or associate.

With 17 real-time alerts and more than 25 reports, you can gain greater visibility into your fleet operations to see where you are doing well and what can be improved. Once you know what’s going on in your fleet operations, you can start to manage and improve it.

Use our ClearPath Routing feature to quickly set up the most efficient route for your drivers with a click of a button. It’s really that simple. Use our Fleet Dispatch application to communicate with your drivers out in the field and provide them turn-by-turn, voice-guided directions. With less distracted drivers and more accurate directions, you’ll be able to give your customers accurate arrival times and they will thank you for it with their continued loyalty.

**But don’t just listen to us; hear what our customers have to say.**

“Because the drivers know their behavior and workday profiles are monitored, we have increased overall fleet productivity by 35% while reducing fuel costs by 20%.” – Paul Giglio, President and Owner of Pipe Works Services

“Overtime hours were reduced by 50%, saving Accardi Foods more than $80,000 a year in overhead expenses.” Joe Russo, Director of Accardi Foods
"We have increased service revenue by 9% since using NexTraq GPS technology. Additionally, payroll expenses have decreased 12% with accurate labor costs."

Frank Steinocher, CIO of Shumate Mechanical

For more information, please visit our website at www.nextraq.com or call us at 800.358.6178.