

WHITE PAPER: SPIREON - AREAS WHERE YOUR PLUMBING FLEET LEAKING MONEY

5 Areas Where Your Plumbing Fleet is Leaking Money

Like most plumbing companies, getting more jobs and growing the business are probably your end goals. While the volume of jobs your technicians go to usually correlates to company success, it's also an area where if unchecked, can increase expenses that can quickly drain your profit margins and spiral out of control. Business growth is expensive. Increases in work also multiply the miles put on your trucks, add to the frequency of fuel stops, and accelerate vehicle depreciation. If plumbing companies want to come out on the positive side during periods of growth, or worse, stagnation, they need to closely monitor the following fleet expenses:

Gasoline

- Companies can spend \$200-\$300 per stop depending on the vehicle type, service radius, and driver behavior.
- Fuel accounts for 30% of fleet operating expenses.

Lease Payments & Vehicle Ownership

- New service vehicles on average cost \$30,000. The estimated total cost of ownership for a light-duty vehicle runs between \$5,000 and \$8,000 per vehicle, per year.
- The cost of leasing a van with that same purchase price is around \$18,000.

Insurance

- Commercial auto insurance costs on average around \$750 to \$1,200 per vehicle. Rates can increase depending on accidents and driving violations.

Maintenance & Repairs

- Fleets spend \$1,000 - \$3,000 on parts and labor per vehicle annually for light duty trucks.

Labor

- The median pay for plumbers is \$52,590 per year, not accounting for overtime.
- Dispatcher salaries average of \$38,790 per year.

Plumbing business owners need to spend every penny wisely if they want to stay competitive. In this guide, we expose the most common profit-draining areas of a plumbing fleet and provide simple actionable steps you can take to better manage these costs.

MONEY LEAK #1: AN OVERSIZED FLEET WITH UNDERUTILIZED VEHICLES

Like many fleet managers, as long as techs are getting to job sites, you probably assume that you have the right number of vehicles and technicians. However, it's very possible that your plumbing service fleet is oversized and underutilized.

Fleet savings starts by looking at your inventory. The estimated cost of ownership for a light-duty vehicle ranges between \$5,000 and \$8,000 per vehicle, per year. Then you need to factor in upfitting, truck equipment, and maintenance costs. For this reason, smart plumbing companies are looking at reducing the size of their fleets and doing more with the vehicles they have.

How to plug this leak:

The most effective way for a plumbing company to reduce their costs is to right-size their fleet. Right-sizing your fleet means finding the optimal number and mix of vehicles to serve your business needs. This approach helps companies reduce fuel expenses and eliminate new vehicle acquisition costs.

The challenge comes in determining which vehicles are essential to your operation, which are surplus, and if new purchases are necessary. Right-sizing is all about striking an equilibrium



between vehicle inventory and customer service levels. Remove too many vehicles, and you may fall short of customer demands.

To make smart decisions regarding right-sizing your fleet we recommend that Fleet Managers adopt a Fleet Management system and use for 90 days to establish a baseline for asset utilization. Look for a system that allows you to:

- Reduce miles driven by dispatching the closest available technician.
- Minimize miles driven per stop.
- Find more efficient routes.
- Monitor unauthorized use and identify unnecessary out-of-route miles.
- Direct vehicles away from high-traffic areas.
- Compare actual monthly miles traveled per vehicle with the expected miles to identify which vehicles are under or overused.
- Track vehicle utilization rates.

[Fact: 66% of surveyed FleetLocate Customers reported an increase in vehicle utilization of 10% or more.](#)

Pro Tip: Most Fleet Management systems can help you identify which vehicles have the lowest fuel economy or have reached the end of their lifecycle.

MONEY LEAK #2: A NEGLECTED VEHICLE MAINTENANCE PROGRAM

Purchasing vehicles costs money. So does maintaining them. While vehicle maintenance is a significant expense, a neglected vehicle maintenance program comes at an even steeper price. Failure to regularly check the health of your vehicles can lead to breakdowns, unplanned out-of-service time, and missed appointments, which is almost always more expensive than the costs associated with preventative maintenance.

Although, with busy schedules, payroll, job sites, customer complaints, and other obligations getting in the way, simple maintenance tasks—like checking tire pressure, brakes, hoses, belts, wiring, and fluid levels—can easily fall to the wayside. When there's not an established maintenance program in place, it can become difficult to track how much is being spent on maintenance, or if it's even getting done at all.

How to plug this leak:

To keep your plumbing fleet up and running, it's crucial to have a preventative maintenance plan in place. Yes, preventative maintenance is a significant expense for most business, but it's also a prime opportunity for cost reduction.

Regularly scheduled vehicle maintenance, like oil changes and inspections, can help your trucks last longer, provide more reliable customer service, and even put money back in your pocket when it comes to fuel expenses. For example, underinflated tires increase rolling resistance of the tires, which means you have to use more gas to push the car. According to the U.S. Department

of Energy, you can improve your gas mileage by 0.6% on average—up to 3% in some cases—by keeping your tires inflated to the proper pressure. Beyond improving fuel economy, properly inflated tires last longer and make your fleet safer. In addition to proper tire inflation, proper alignment can also lower fuel consumption as well as extend tire life. The same goes for proper servicing of filters, fluid levels, hoses, lines, belts, and wiring.

The trick is to perform these maintenance tasks on the right vehicle, at the right time. The easiest way to do this is to leverage a Fleet Management Program, like Fleetlocate, that automates this by enabling you to schedule maintenance tasks by time, mileage and engine hours. However, you should also consider:

- Creating a comprehensive maintenance checklist that covers your vehicle’s critical systems and miscellaneous repair items.
- Training your technicians on how to monitor vehicle problems and who to contact if a vehicle problem occurs.
- Processes for submitting detailed reports to repair techs who can then more accurately pinpoint the problem.
- Tracking manufacturer’s recommended service intervals, as well as operating conditions such as miles traveled, engine hours, off-road use and tows, in order to create accurate maintenance schedules.
- Setting reminders that alert you when maintenance is due.

[Fact: 53% of surveyed customers reported reducing downtime by 10% or more by using FleetLocate](#)

MONEY LEAK #3: A FUEL-WASTING FLEET DEPARTMENT

With all the plumbing equipment and tools weighing them down, service trucks don’t get very good fuel mileage. Compounded by wild swings in gas prices, planning a fuel budget can be a challenge for any fleet manager. Fuel costs account for over 30% of a fleet’s operating expenses, so finding ways to control these costs is important.

There are several strategies to soften the blow of these costs. Some companies are replacing current vehicles with alternative fuel options such as hybrids, electrics, NGVs (natural gas vehicles) and light-duty trucks that operate on cleaner-burning diesel. While these strategies do improve fuel consumption, they also require a significant investment of time and money — offsetting any short-term fuel-related savings you might generate. A more immediate way to reduce fuel costs is to reduce the number of miles driven by implementing a better routing system and eco-friendly driving techniques.

Consider disorganized plumbers who have to constantly make runs back to supply houses or dispatchers sending techs across town to far away job sites instead of finding the nearest available technician. That unproductive time spent driving instead of charging billable hours is costing you money, and that’s not including vehicle depreciation and fuel.

Behind-the-wheel behaviors such as excessive speeding, idling, and harsh braking can also burn through fuel. According to the EPA, you can save as much as 33% on fuel economy with improved driving habits. Take a look at idling alone. Excessive Idling can waste a quarter to half a gallon of fuel per hour— and when drivers get stuck in traffic or leave the car on to warm up in the vehicle, it doesn't take long to accumulate that.

By optimizing your routes and improving inefficient driving behaviors, you can immediately maximize your fuel savings without having to make a huge down payment on new vehicles or green technologies.

How to plug this leak:

Fleet managers looking to save fuel costs need to find a system that gives them the tools to track miles traveled, regularly audit fuel spend, and change driving behaviors. This system should allow you to:

- Identify unauthorized vehicle use and out-of-route miles.
- Monitor wasteful driving behaviors, like aggressive acceleration, speeding and harsh braking.
- Maintain proper tire pressure across vehicles.
- Implement idle reduction programs.
- Develop more efficient territory and routing plans based on job schedules.
- Identify traffic conditions ahead of time and find the least congested route.
- Track fuel card usage and measure fill-ups against miles driven to identify any fuel misuse issues.

MONEY LEAK #4: UNNECESSARY LABOR COSTS

As front-line employees who work directly with customers, plumbing technicians are critical to the success of your business. However, an unproductive technician can hurt your bottom line. Plumbing techs spend a majority of their time out in the field unsupervised, and traditionally owners have had to blindly trust their employees are working while they're clocked in.

Many plumbing companies rely on workers to fill out paper timesheets with no ability to verify hours worked. As you probably already know, this creates an environment that's ripe for wage theft. For instance, techs might take extra-long lunches and conveniently forget to include it, or they might show up at 8:15 and put down 8:00 in order to pad their paycheck. Time is money. Any small business owner knows those extra minutes add up quickly and could cost your company hundreds, potentially thousands, if not caught.

Plumbing businesses need to find ways to accurately capture labor hours and automate time-consuming, and often inaccurate, payroll data entry. Without accurately recording productive and non-productive working hours, you're essentially handing employees a blank check. GPS technology can help in this arena. Fleet management software and cloud-based time clock systems use GPS technology to automatically capture employee locations, calculate hours spent at a job site, and upload this information to back office systems. By automating data entry using these systems, your office works easier, your field techs are more productive, and most importantly, you reduce unnecessary labor costs.

How to plug this leak:

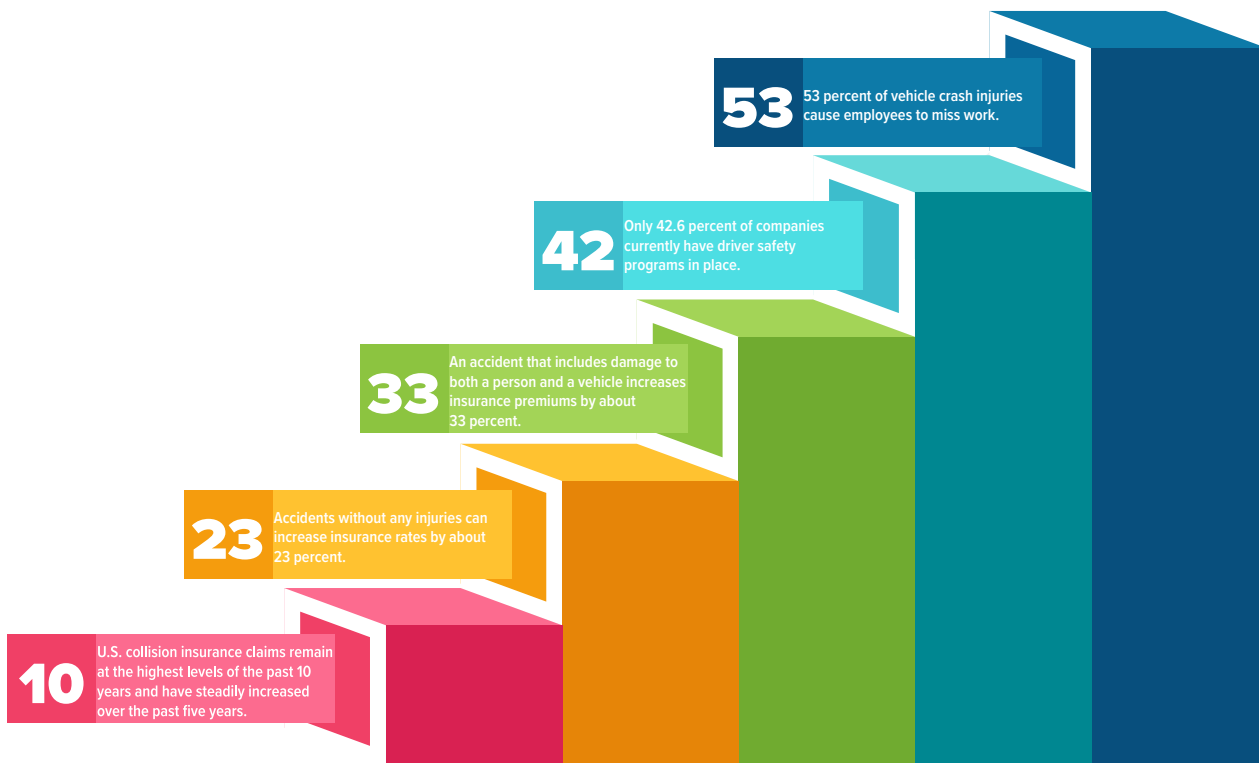
To reduce your payroll expenses, you need a system that gives you vision into your technician's behavior out in the field and streamlines the payroll process for your mobile workers. Look for a system that:

- Verifies when techs arrive and leave a job site.
- Makes dispatch more time efficient by tracking driver locations.
- Sends alerts for unauthorized vehicle use or out-of-route miles.
- Stores time/location records, eliminating payroll or customer disputes.
- Sends overtime alerts reminding employees to clock out before exceeding their limit.
- Integrates seamlessly with other back-office systems, like accounting and scheduling.

MONEY LEAK #5: RISKY DRIVER BEHAVIORS

There's a lot to lose any time a driver gets behind the wheel. Accidents can cost you hundreds of thousands of dollars, and when injury or death is involved, accident-related costs can soar even higher. According to the National Highway Traffic Safety Administration, fleet accidents involving an injury costs nearly \$74,000, and each fatality can cost a business more than \$500,000.

The price you pay for insurance is directly impacted by the number of insurance claims you file and the cost of those claims-- accidents being among the most expensive. Risky driving behavior increases the likelihood of fender benders and injury, which in turn leads to insurance premium hikes, and after enough incidents, your provider could drop you altogether.



Source: <https://www.motus.com/auto-accidents-cost-employers-56-7-billion-last-year-finds-new-motus-trend-report/>

According to a recent study from the US Bureau of Labor Statistics, about 40% of motor vehicle accidents are work-related — posing a significant risk to techs who are required to drive to job sites during different hours and weather conditions. Because of this, driver safety should be a top concern for plumbing companies. However, only 42.6% of fleet-operating companies have a driver safety program in place for employees using company-owned vehicles. Plumbing fleets without a driver safety program that addresses risky driving behaviors automatically increase their exposure to insurance hikes, lawsuits, injury claims, or worse, fatalities.

How to plug this leak:

To reduce their accident rates, and in turn their insurance costs, companies need to develop a comprehensive, iron-clad fleet safety policy that all levels of fleet operations adhere to, from the CEO to field managers and drivers. A comprehensive fleet safety policy should include the following elements:

- Periodic motor vehicle record (MVR) and license checks on all drivers.
- Regularly scheduled driver training and education.
- Proactive monitoring of driver behavior.
- Coaching for drivers exhibiting poor driving behavior and appropriate consequences for those failing to comply.
- Clearly define “working hours” and “personal time” for vehicle usage.
- A clause that explicitly states who can and cannot drive the vehicle outside of normal business hours, if you have drivers on take-home programs.
- A no-cell phone prohibition while the vehicle is in motion and a strict seat belt use clause.
- Quarterly safety reviews to look at what the company can do to improve fleet safety.

Pro Tip: When insurance companies know you have a proactive driver safety program in place, they can reward you with a lower premium because they know you're less of a liability. Ask your insurance provider what kind of incentives they offer to companies with a driver safety program.



CONCLUSION

Your plumbing fleet is more than just trucks and vans. It serves as your mobile business, transporting you to and from job sites and client meetings. Managing it well is vital to serving your customers and growing your business. For this reason, a well-managed fleet can be your greatest business asset.

On the other hand, fleet operations can also be one of your biggest costs centers, draining your company's profits and hurting your bottom line. The need for increased insight into fleet operations is driving more business owners to invest in Fleet Management systems. These systems provide a wealth of vehicle data that gives you insights into how your fleet operation is running and can reveal hidden areas where you're wasting money. Armed with these insights, company owners have the intelligence they need to increase efficiency and drive out waste.

Fleet Management systems, like Spireon's FleetLocate, collect real-time data and provide insights that can help you pinpoint where exactly you're spending – and wasting – money in your fleet. In summary, look for a telematics system that allows you to:

- ☑ Increase vehicle utilization and right-size your fleet
- ☑ Improve vehicle maintenance schedules and modify fuel-consuming behaviors
- ☑ Reduce out-of-route miles, unauthorized trips, and fuel card fraud
- ☑ Improve dispatching and lower administration costs
- ☑ Make smarter, faster, more profitable business decisions



FleetLocate helps you optimize fleet operations, reduce fuel costs, and keep customers happy. Talk with a fleet management specialist or request a demo at

[Spireon.com/fleet-management](https://spireon.com/fleet-management).

