

WHITE PAPER: SPIREON - KNOW BEFORE YOU TOW

# Know Before You Tow: 3 Ways Your Tow Truck Fleet is Secretly Wasting Money



Skyrocketing insurance premiums. Driver wages. Misuse of company vehicles. Repair bills. For many tow truck business owners, it's stressful trying to keep up with fleet expenses. In a fiercely competitive industry like this, there's rarely extra money to burn, yet many businesses waste hundreds of dollars in fleet expenditures every month.

In this guide, we'll help you to identify and combat wasteful business practices so you can use that money to grow your tow truck business instead.

## **MONEY PROBLEM #1: EMPLOYEES MISUSING COMPANY VEHICLES**

Allowing employees to take home their vehicles is an accepted practice in the towing industry. But lately, a growing number of employees have been caught using company vehicles to earn a little cash on the side. These unscrupulous employees will often offer to do the tow for a lower price, or if they have access to plows, will offer to clear out snow-bound neighbors for a fee. According to the ACFE (Association of Certified Fraud Examiners), asset misappropriations are the most common and costly types of fraud. In a recent study, it was estimated that misused assets costs business owners an average of \$130,000 per year.

This kind of misuse can put your company at risk. They're using your company vehicle, with your company name plastered on it. If an employee damages a vehicle or injures themselves or others, it increases your legal exposure and can damage your company's reputation. Not to mention, it puts

unnecessary wear and tear on your trucks, wastes fuel, and reduces the resale value by adding on extra mileage—all of which you'll end up footing the bill for, while they pad their pockets.

### How to Fix This Problem

Tow truck operators don't work a typical 9-5 shift. They're on call 24/7 and might need their truck at a moment's notice. Because of this, it's hard to track whether employees are working when they say they are, or if they're misusing company assets.

Some tow truck operations have installed simple GPS monitoring systems on their assets. While this tells them the location of the vehicle, it doesn't monitor whether the winch is engaged or not—allowing employees to complete side jobs undetected. The most effective way to stop employees from using company vehicles for personal enrichment is to develop a fleet usage policy in conjunction with driver monitoring tools, like fleet management software.

By establishing rules and letting your employees know you're actively monitoring them, you gain greater control over your assets, minimize legal risks, and discourage dishonest behavior that can eat into your profits. Your strategy should include:

- A fleet usage policy with wording that includes the qualifying phrase “including, but not limited to...”
- A prohibition of loaning the vehicle to unauthorized users.
- Prohibition of using company time and assets for non-company enterprises.
- Prohibition of transporting more passengers than available safety belts.
- Wording that establishes consequences, such as loss of vehicle privileges or termination.
- A Fleet management solution, like FleetLocate, that monitors vehicle location, job status, and power take-off (PTO), allowing you to catch any acts of unauthorized vehicle usage.



## **MONEY PROBLEM #2: YOUR DISPATCH IS STUCK IN THE DARK AGES**

There are few industries that rely more on time management, accuracy of location, and efficient route planning than the tow truck industry. Yet, some tow companies have been stuck in the dark ages of communication, relying on pen-and-paper dispatching systems. Hesitation to embrace new technologies significantly hinders efficiency, and most importantly, the revenue they bring in.

Let's take a look inside an old-fashioned dispatch office. The dispatcher is fielding calls from an onslaught of directionally challenged motorists, ill-informed motor clubs, and police departments requesting you to expedite a pickup. With customers on hold and the phones ringing off the hook, the dispatcher must also simultaneously pinpoint where the closest available driver is by dialing them one-by-one. Usually, the driver who picks up the phone first is assigned the job, rather than the driver who's actually closest to the location.

**Fact: 84% of surveyed customers improved their ability to better manage their fleet since implementing FleetLocate.**

This inefficiency can have a long-reaching effect on your profits. First, you're looking at an exorbitant amount of wasted resources. When your dispatch office is sending drivers across town, or if by mistake, accidentally schedules two trucks for one job, that wastes both fuel and manpower that could have easily been saved or redirected had your dispatch team had greater information before assigning jobs.

Beyond wasted fuel, outdated processes like this severely slow down your response time, which can reduce the overall amount of income you earn. In towing, timing and location are everything. The more tows you complete, the more profits you make, and in an increasingly competitive marketplace where dissatisfied customers can simply google another company— every minute matters. When your dispatch doesn't have the technical support to communicate real-time updates with your drivers or find the most optimal routes, that means inaccurate ETAs and longer wait times for your customers. When a motorist is stranded, every second feels like an eternity. This frustration could lead to negative reviews for your business or a cancelled service call. Slower response times can also directly impact the income you receive from other clients. The longer it takes for your crews to arrive and complete a job, the fewer calls you can take on, which can result in fewer job opportunities from police departments and private property owners, and potentially, lower your motor club ratings.

## **HOW TO FIX THIS PROBLEM**

For your company to be successful, information must flow easily from dispatchers to drivers. That's easier said than done in the chaotic world of towing. Tow truck managers need to do chaos

control and invest in a system that supports truck dispatchers and increases the efficiency of their operations. This system should include:

- A live-map that indicates the number of drivers available and locates the closest driver to a job.
- Administration panel for status tracking, so you can give your customers accurate ETAs.
- An outline of traffic delays, scheduled stops, and job completion status, for optimal scheduling and routing.
- Messaging features, so you can give truck drivers details on a job ahead of time.

### **MONEY PROBLEM #3: YOU'RE NOT ACCURATELY TRACKING THE COST OF FUEL**

Fuel is one of the biggest cost centers for a tow truck fleet. According to the Washington Post, it accounts for nearly 40 percent of fleet expenses. You can't control fuel prices, but you can get smarter about tracking and controlling how much fuel your company uses. As we discussed earlier, improved routing can help your tow trucks save on fuel, but fuel efficiency—or lack thereof—starts in the driver's seat. Poor driving behaviors like speeding, harsh braking, and idling waste fuel.

#### **SLOW DOWN, SPEED RACER**



Gas mileage usually decreases rapidly at speeds above 50 mph. Each 5 mph you drive over 50 mph is like paying an additional \$0.19 gallon for gas.

#### **CUT UNNECESSARY IDLE TIME DOWN**



An idling car wastes up to a 1/2 gallon of fuel per hour and a medium-duty truck may waste even more. Turn the engine off when not moving or using PTO to save on fuel.

#### **EASY DOES IT**



Aggressive driving (rapid acceleration and harsh braking) can lower your gas mileage by roughly 15% to 30% at highway speeds and 10% to 40% in stop-and-go traffic.

#### **IMPROVE DRIVER BEHAVIOR**

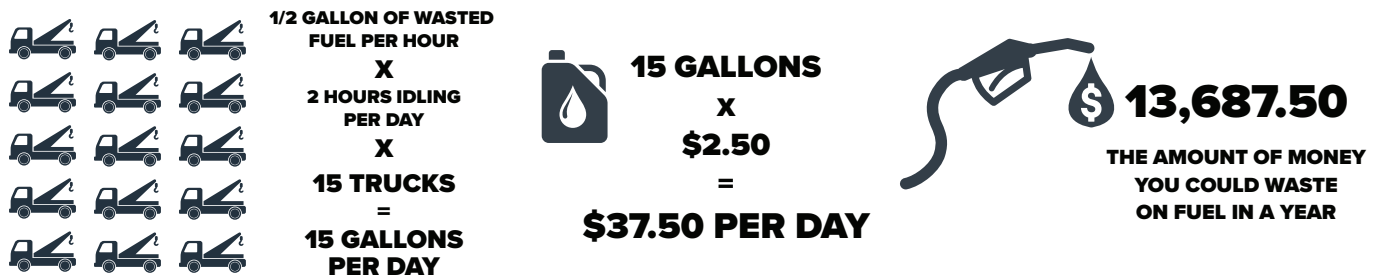


Driver feedback devices have been proven to make fleets more fuel efficient. According to the EPA, they can improve gas mileage by about 10%.

Source: <https://www.fueleconomy.gov/feg/driveHabits.jsp>

Of these behaviors, idling is the main culprit behind fuel waste. Idling in a medium-duty service truck can waste more than a half-gallon of fuel per hour, according to the EPA. At face value, it doesn't sound like much. But, do the math. If you have a fleet of 15 vehicles, and each spends an average of two hours idling per day, and you are spending \$2.50/gallon on fuel, you will spend an extra \$37.50 per day just on idling! That means over a full year \$13,687.50 of your money is literally going up in smoke!

## DO THE MATH



Pro tip: Tow trucks need to idle so they can load and unload vehicles. This makes it a little more difficult to track the cost of wasted fuel. To cut back on fuel expenses, tow truck managers need to find a way to track true idle time (the non-productive kind) vs PTO-engaged idle time (the productive kind). Top Fleet Management systems enable you to track when your PTO is engaged.

Identifying areas of non-productive fuel use, like idling and speeding, will not only save you on fuel and maintenance, but may also help you get money back come tax season. At least 29 states like Montana, Nebraska, Utah, Washington, and Texas, offer some sort of tax relief for taxes paid on PTO fuel. If you're not accurately tracking how many gallons of fuel you're using on PTO, you could be leaving money on the table.

**Fact: 100% of surveyed FleetLocate Customers were able to reduce their fuel expenses by up to 10% or more.**

## HOW TO FIX THIS PROBLEM

Establishing a culture that promotes eco-friendly driving techniques, coupled with a system to track fuel expenses and driver behavior, can help tow truck fleets improve fuel efficiency, get more on



their tax returns, and save more money. Your fuel management system should include:

- A driver scorecard that monitors that evaluates driver efficiency and ranks them based on their driving behaviors.
- Fuel card monitoring that allows you to identify any employee fuel card misuse issues.
- PTO monitoring, so you can measure which fuel usage is productive vs non-productive and make the necessary cutbacks.
- A traffic overlay so you can find the least congested route.
- Optimized routing that allows you to develop more fuel-efficient territory coverage and job scheduling.

### **WASTE NOT, WANT NOT**

You can't manage what you don't measure. You might think you're making a profit, but if you're not regularly monitoring your fleet expenses you might be losing money in gas, repairs, and other vehicle expenses.

It's time to take control of your fleet and your finances. By tracking your monthly expenses with a fleet management system, like FleetLocate, you have access to data that helps you dig deeper into what makes your fleet tick and can reveal hidden areas where you're wasting thousands of dollars. Armed with this information, you can either eliminate or reduce these costs, and use that money to invest in things that drive your tow truck business forward, like vehicles, training, and new drivers. In summary, we recommend you adopt a fleet management system that:

- Gives you visibility into where your assets are at all times, so you can identify vehicle misuse issues.
- Makes dispatch and routing more efficient so your drivers can complete jobs on time and without wasting resources.
- Reduces fuel cost by monitoring driver behavior, fuel card usage, PTO, and fuel usage.

