

Fleet Enhancement 2011

Johannesburg, South Africa

16th September 2011



- **Introduction**
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- **Our approach**
- **Exercise**
- **Q & A**



Introduction



R i s k F r i s k[®]

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Services

- **Specialist Consultancy:**

 - Fleet Risk Management

 - Health & Safety and Training

- **Supported by:**

 - Online underwriting support tool (Assess Risk[®])

 - Online fleet risk management system (Fleet Risk Profiler[™])

 - Policy & procedure development

 - Training at all levels

 - Intervention recommendations or management



How are we different?

- **Strategic, management and operational focus**
- **Management system driven**
- **Any sector, size and type of organisation, fleet, logistics & supply-chain operations – internationally**
- **Can cover complete range of risk areas**
- **Different level of review depending on client needs**
- **Enables comprehensive risk & cost reduction plans**
- **Risk based focus – NOT legal compliance – initially**



RiskFrisk®

fleetriskprofiler.com



ALEXON



Accreditations

- **Chair of IRM Transport & Logistics Group**
- **FRP Endorsed by International Institute of Risk and Safety management (IIRSM)**
- **FRP Special offer to IIRSM Corporate Members**
- **FRP Recommended by American Society of Safety Engineers (ASSE)**
- **Approved H&S trainers for Institution of Occupational Safety & Health (IOSH)**
- **Consultants - Chartered MIOSH**
- **Consultants registered on UK Governments OSHCR**



Case Study



Case study – management challenges

- Risk of losing licence to operate commercial vehicles
- Lack of ‘fleet management’ competency
- Inefficient vehicle allocation / routing
- Poor control of drivers, especially agency drivers
- High vehicle accident damage costs
- Increasing failed and delayed deliveries



Case study – key facts

- **Vehicles:**
 - 45 heavy goods vehicles
 - 65 vans
 - 50 cars
- **7 sites/depots**
- **UK coverage**
- **Deliveries:**
 - Large household items
 - Retail builders' merchant items – 'heavy side'
 - High-end showrooms



Case study – key findings-1

- **Fragmented fleet management, with no consistent approach of guidance**
- **High probability of losing licence to operate commercial vehicles**
- **High level of accidents and load damage costs, and not accident/cost analysis**
- **Inefficient vehicle allocation and increased costs**
- **Inefficient vehicle routing and poor loading efficiency**
- **Necessary management competency was not available in-house**
- **Vehicle purchasing was well handled, but only at a micro level**
- **Vehicle servicing dependent on a single provider with only local coverage and no emergency response.**

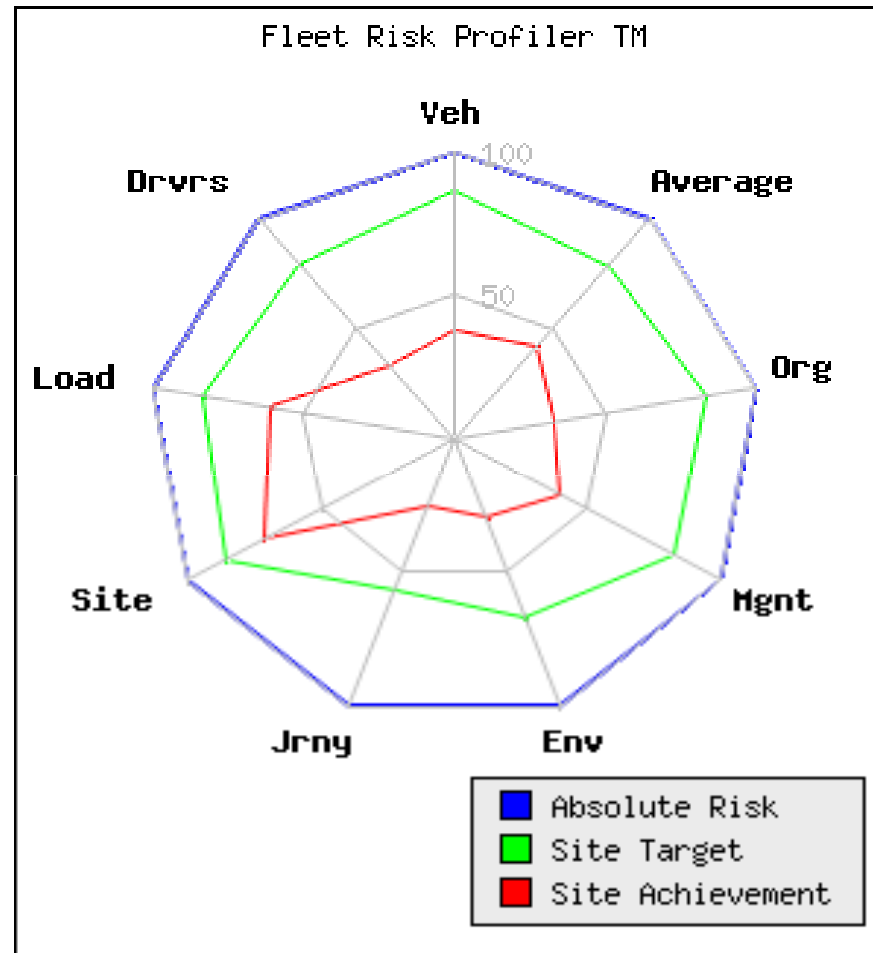


Case study – key findings-2

- Lack of fleet risk management strategy and system
- No formal management standards, policies and procedures
- No dedicated senior management resource
- High vehicle maintenance and repair costs
- High turnover of employed drivers
- High load damage costs due to poor loading and handling
- Increasing failed and delayed deliveries affecting customer service/business reputation



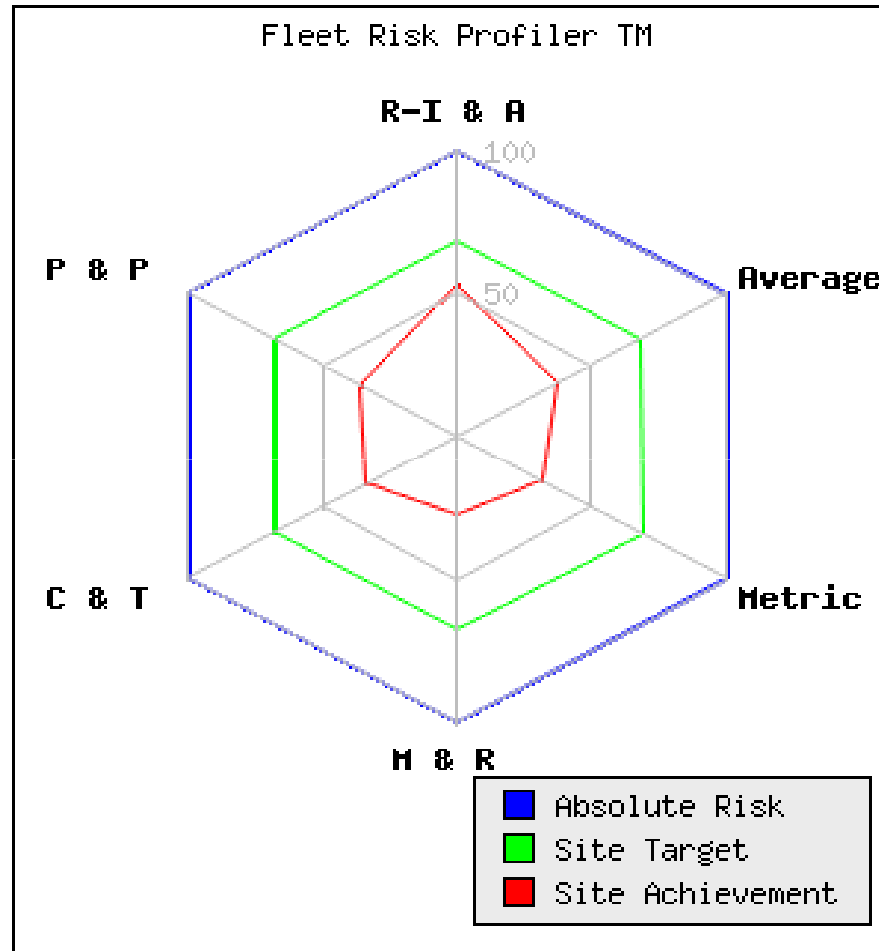
Overall Control Status



Risk Area	Site Target	Site Achievement	Site Performance
Vehicles	86%	38%	44%
Drivers	79%	33%	42%
Load	83%	61%	73%
Site	86%	72%	84%
Journey	57%	26%	46%
Environmental	67%	30%	45%
Management	83%	40%	48%
Organisational	83%	33%	40%
Average	78%	42%	53%



Overall Risk Managing Status



Risk Managing Status Aspect	Site Target	Site Achievement	Site Performance
Risk Identification & Assessment	68%	53%	68%
Policies & Procedures	68%	36%	45%
Communications & Training	68%	34%	43%
Monitoring & Review	68%	28%	36%
Metrics	69%	32%	47%
Average	68%	37%	48%



Solutions

Specialist Support

Risk areas

Vehicles

Drivers

Loads

Sites

Journey

Environment

Management

Organisational

- Risk Identification
- Risk Assessment
- Risk & Cost Reduction

Solutions

Prioritised actions

Management system integration

Improved budget control

Reduced carbon footprint

Vehicle specs.

Reduced incidents/accidents

Reduced product damage

Fleet policies/standards

Driver selection/standards

Customer fulfillment

'Legal compliance'

Graduated driver assessment/training

Improved fleet management

Reduce costs

Grey fleet control

Fleet training

Outsourced vehicle supply

Environmental reductions

Route planning & telematics

Supply chain audits



Case study – key actions

- **Outsourced fleet operational management:**
 - Client received consistent and competent advice.
 - Generated savings in transport/vehicle costs.
 - Reduced employee turnover through better training and management of drivers.
 - Reduced dependency on agency drivers and appointed new agency, with a service level agreement.
 - Reduced accidents and vehicle damage/repair costs.
 - Reduced load damage costs & improved customer service
- **Introduced linked route planning and telemetry system**
- **Appointed an external vehicle supply company**
- **Appointed a professional company for vehicle checking, servicing and repairs**



Case study – Risk and Cost reduction

- Initial cost increased by level of management fee
- Within 24 months management fee had neutral effect
- After 36 months, costs (in real terms) will be below ‘original level’
- Further review to evaluate ongoing benefits of outsourcing is underway



**Our approach
for
Fleet, logistics and supply-
chain operations**



Target customers

- **Car or car/van fleet**
- **Commercial vehicles**
- **Multi-site or multi-country organisation**
- **Supply chain partnerships undertaking logistics for parent**
- **Organisations who need to audit multiple sites and compare results**



Fleet Risk Profiler™ - broad aims

- Assemble, measure & improve fleet risk and cost control practices in line with risk, organisational and corporate governance requirements & international best practice
- Improve management control & business performance
- Identify, quantify and qualify operational risk & cost factors and management processes, enabling organisations to obtain strategic and competitive advantage
- Reduce insurable risks, claims & costs
- Focus on management systems not legal compliance



Manage insurable risks

- **Identifies and assesses relevant insurable risks:**
 - Vehicles (theft, damage, 3rd parties)
 - Drivers (employers liability, injury claims)
 - Loads (goods in transit, theft, damage)
 - Sites (fire, damage etc)
 - Environmental (damage, cleanup, fines etc)
 - Management (employee injuries, key person cover, legal claims etc)
 - Organisational (reputation, loss of profits, business interruption etc)



Client Driven

Objectives - provide:

- Comprehensive risk identification & assessment
- Detailed analysis of risk & cost exposures
- Targeted action planning
- Ongoing business integrated fleet risk management control

Options

- Insurance underwriting support
- Strategic risk & cost review
- Detailed risk identification & assessment
- 'Site/depot' auditing
- Implementation support
- Ongoing input



How is FRP different?

- Looks at strategic, management and operational processes
- Incorporates total range of risk areas
- Allows risk management across total fleet, logistics and supply-chain operations
- Provides multi site, division and corporate performance management
- Combines disparate risk control methods/measures in one management system
- Includes online internal and external benchmarking
- Enables advanced risk & cost reduction planning



Overall Methodology

- **Create operational risk profile:**
Industry, activities, size, vehicle types, numbers, status & mileage, load types, driver numbers, status & status, journey areas, periods of travel, road profile, accident ratio
- **Risk assess total fleet & related operations:**
Vehicles, Drivers, Loads, Site, Journey, Environment, Management Support and Organisational Aspects
- **Develop agreed risk & cost reduction plan**
Save up to 20% of fleet & related costs
Progressively reduce risk & cost exposures



Coverage

- **Operational risk profile stage uses 16 risk profile factors to generate weightings for risk assessment**
- **Risk assessment stage uses 8 risk areas to cover all fleet & related risks:**
 - **Vehicles, Drivers, Loads, Site, Journey, Environment, Management Support and Organisational Aspects**
 - **260 + risk elements cover all levels of risk & process**
 - **6 Status questions**
 - **Risk identification & assessment,**
 - **Policies & procedures**
 - **Communications & training**
 - **Monitoring & review**
 - **Metrics & Organisational**



Client teams

- **Internal:**

- Fleet

- Operations

- H&S

- HR

- Finance

- **External:**

- Fleet management

- Claims management

- Insurers



Outputs

- **Executive Summary report**
- **Detailed analysis & operational status report**
 - Overview
 - Risk areas
 - Status
- **Benchmarking options – 10 levels**
 - Internal – other organisational divisions, sites, departments
 - External – overall data, comparable fleet industry sector, operational risk profile level



Assess Risk[®] - Underwriting support

- **Used with insurance companies & brokers to identify & assess fleet &/or load operational risks:**
 - Exposure to theft / robbery – own damage & 3rd party liability
 - Area of exposure (logistic, safety, security)
 - Root cause (vehicle, driver, journey, loads, organisation and sites)
 - Both (area and root cause), with gap analysis
 - Benchmark with equal and/or similar activities and/or portfolio
 - Short, medium and long term recommendations
- **Information gathered face-to-face in 1.5 hours**
- **Data accessible on-line 24/7**



Users

Insurance



Business support



Risk management methodology certification

BDO, 5th worldwide audit and consulting company. Integrate A.R.M. Services methodology as part of its risk diagnosis and assessment for their logistic business line



Contract / Subcontract evaluation

Exactian is a BDO business unit specialized in contractors and outsourced services evaluation. A.R.M. Services methodology is used to assess risk exposure emerging from outsourced fleets contracted mainly by manufacturers and retailers



Exercise



Operational risk profile factors

- Business Sector
- Activities
- People numbers
- Load Type
- Vehicle Type
- Vehicle & trailer numbers
- Vehicle & trailer status
- Driver numbers
- Driver status
- Journey purpose
- Road profile
- Driver mileage
- Journey periods
- Geography
- Vehicle mileage
- Accident statistics



Risk areas

- Vehicles
- Drivers
- Loads
- Site
- Journey
- Environment
- Management
- Organisational



Risk assessment – process

FRP Pro™ version:

- Relevant / Not relevant?
- Process; KPI's & organisational
- Risk identification & assessment
- Policies & procedures
- Communications & training
- Monitoring & review

FRP Supply-chain™ version:

- Relevant / Not relevant?
- Process & organisational
- Overall management control status



Risk elements – sample

Vehicles

- Vehicle specifications
- Personally provided vehicles
- Vehicle repair and servicing providers
- User vehicle checks
- Vehicle and personal/organisational contents security
- Vehicle accident costs

Drivers

- Driver licence checks and driving offences
- Driver 'on-the-road' assessment and training
- Out-of-scope drivers hours and working time
- Driver mobile communication & navigation equipment
- Driver hazard reporting
- Driver PPE and safety equipment



Risk elements – sample

Loads

- Load characteristics and vehicle selection
- Vehicle load weight
- Load protection, securing and restraint
- Load security
- Loading and unloading
- Cost of damaged, lost and stolen loads

Site

- Business continuity
- Emergency preparedness
- Risk assessments (H&S)
- Occupational health
- Planned preventive maintenance (PPM)
- Recruitment, selection, induction and initial training



Risk elements – sample

Journey

- Route and journey planning
- Journey fatigue
- Journey security
- Journey data - Telematics
- Journey incentives
- Journey behaviour

Environment

- Environmental aspects and impacts
- Carbon footprint
- Alternative fuels and vehicles
- Fuel usage
- Fuel efficiency
- Waste disposal



Risk elements – sample

Management

- Fleet management standards
- Management competency and resources
- Competent advice
- Supply chain partner management
- Accident management process
- Accident analysis

Organisational

- Organisational strategies and plans
- Work related stress
- Performance management system
- Compensation and rewards
- Enterprise-wide risk management process
- Organisational and Human factor performance



Any questions?



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