

# FINDING THE HIDDEN COSTS

## How much is your delivery fleet really costing you?

No matter how well organised a delivery fleet may be, unexpected incidents and costs are bound to happen.

Walter Scremin, general manager at national delivery transport firm, Ontime Delivery Solutions, says many businesses running transport fleets find it difficult to pin down costs such as vehicle downtime and accident repairs.

“Vehicle repairs are unpredictable and are a good reminder that running your own transport fleet brings certain risks,” Walter said.

Ontime Delivery Solutions reports that research by telematics supplier, Verizon Connect, has found the average small-to-medium business will face an approximately £6,000 bill (\$A11,000) each year due to road collisions. These crashes also result in an average five days downtime for the vehicle involved.

The research found more than half (54 percent) of fleets surveyed experienced an incident in the past year, with a third of respondents saying that maintenance and other associated costs is the top issue keeping them awake at night.

This raises some key questions for auto parts companies considering many rely heavily on delivery fleets to keep their business going, Walter says.

“There is also a high potential human cost, no-one likes seeing friends and colleagues hurt. But there are disruptions to the business, reconfiguring the business to allow for any required rehabilitation of injured workers, and possible WorkCover claims,” Walter said.

The research also found fleet managers were most concerned about drivers using their phones while out on the roads (22 percent), with speeding the next biggest worry (19 percent).

“Many auto parts companies outsource at least some of their delivery needs to specialists, because in doing so they also outsource the risks of WorkCover claims and cost blowouts,” Walter said.

But finding the right balance between outsourced and in-house delivery resources could be tricky.

“Auto parts businesses need to be sure they have the flexibility to cover disruptions to their delivery fleets, without incurring big headaches in cost or management,” Walter said.

Walter says the research touches on a big perennial issue for delivery fleet managers – being able to understand and manage all fleet running costs, including several ‘hidden costs’.

Classic hidden costs include inefficient delivery route planning.

“With consistent effort, auto parts businesses can use telematics technology to track fleets and plan their delivery routes for efficiency. This cuts costs related to excessive fuel use, maintenance, and doubling up of resources,” Walter said.

Wasted management time is another common hidden cost.

“There needs to be clarity between all aspects of the delivery fleet, including both company-owned and supplied resources. Inefficient fleets will see management waste substantial time putting out



logistical spot fires with potential negative impact on the fleet’s ability to perform,” Walter said.

Mismanaging resources also leads to cost bleed.

“Too few resources has obvious ramifications including potential for missed deliveries and lost customers. But too many resources can also be a problem. Each vehicle and driver you employ has a cost, and if they aren’t being used to their capacity it’s a drain on your fleet,” Walter said.

Driver absenteeism is an often-underestimated cost, and a key reason for outsourcing the fleet management responsibility.

“When you’re getting people from other parts of your business to cover for a missing driver then you know there’s a problem. We’ve even known some business owners to be out on the road making deliveries when their time could be spent far more productively,” Walter said.

“A well-structured fleet should cover absentees seamlessly.”

**For more from Ontime Delivery Solutions, visit [www.ontimegroup.com.au](http://www.ontimegroup.com.au)**

# WCS TALKS JIWA

## West Coast Suspensions (WCS) has been a Jiwa customer since 2015

With origins dating back to 1924, West Coast Suspensions is the largest manufacturer and supplier of automotive suspension equipment in Western Australia.

Jiwa reports that prior to it becoming a customer, WCS had been using a mid-range business management system to handle accounting and other basic functions.

However as business demands grew, performance issues began to emerge, explains West Coast Suspensions Senior Manager, Phil Anderson.

“As our company expanded we could see that our business software system was not keeping up,” Phil said.

“Its shipping and inventory control capabilities were limited and, because it was not Windows-based, it wasn’t compatible with some of our other applications.

“This created problems when it came to reporting because we couldn’t produce reports in the formats we preferred, for example PDF or Microsoft Word.

“What we clearly needed was an upgrade to a comprehensive Windows-based ERP solution.”

“We checked out a number of business management solutions but only Jiwa met our full list of criteria.

“Jiwa has extensive reporting, inventory and purchasing functionality, is based on Windows and is relatively affordable, so in the end it was an easy choice for us.

“The company’s Jiwa solution provides complete visibility of all the key aspects of WCS’s operations, streamlining critical business processes and providing tight control of shipping and inventory.”

Looking to the immediate future, Phil is exploring further customisations to the system.



“As our business requirements expand so will our use of Jiwa”, Phil said.

“I’m now looking to introduce some customisations to do with the management of product upsells, where we package up additional products on top of what the customer originally ordered.

“One thing I’ve learned about Jiwa is that if additional functionality is required it can almost certainly be created.”

**Jiwa invites those looking to have a discussion on how Jiwa might work for their business to contact David Fisk on 0452 215 492 or [aaaa@jiwa.com.au](mailto:aaaa@jiwa.com.au)**