SMART DRIVER®

April 2019

Embracing Fuel Economy

Fuel costs have traditionally been the largest line-item expense for motor carriers. According to the American Transportation Research Institute (2017), "[Fuel costs} generally account for approximately 30 to 40 percent of a motor carrier's cost per mile."[1] If fleet managers want to optimize their operations and reduce costs, they should focus on instilling a culture that embraces fuel economy.

The first step in changing this aspect of the company's culture is to audit current fuel consumption to determine how much is being consumed so reduction goals can be established. For smaller motor carriers, the focus may be on only company trucks, but larger fleets may include all company vehicles, including employee-owned vehicles, to measure fuel consumption across the board. Gathering this baseline data will be easier if the company operates its own fuel tanks, uses fuel cards, or has vehicles fitted with telematics.

Once a baseline of fuel consumption is established, set goals to lower usage, then communicate your strategy to the entire company. Here are some ideas to help achieve these goals:

Cut Mileage

The simplest way to reduce fuel consumption is by cutting mileage. By identifying crossover routes, incompatible time slots, outlying jobs, and the extra miles traveled to avoid traffic hotspots, a fleet can optimize routes to save on fuel costs. Other benefits include faster route completion times and more productive drivers as well as a reduction in mileage-related secondary costs like lease and maintenance costs, depreciation, etc.

Identify root causes

Excessive fuel consumption could be the result of a number of factors. Any of the following - driver behavior, training deficiences, operational issues, or equipment problems - could be the root cause. For example, drivers with a propensity for speeding will burn fuel faster. To correct this performance issue, do not assume training is the answer, for the root cause could be the company culture in that drivers are being pushed by dispatch to drive harder. Higher fuel consumption might also be traced to a particular customer's location, where excessive idle time is common due to long lines to get loaded and unloaded.

Provide incentives

Rewarding the most fuel-efficient drivers is an effective way to create healthy competition and instill a culture that embraces fuel economy. Peer pressure can be a great motivator to help bring about positive change; so many successful motor carriers have posted leaderboards in the driver room and around the facility for all to see. Just be sure to make it a level playing field and take into consideration vehicle type, routes, etc. At the conclusion of each contest period, let the winner choose his or her prize. Give the winner something he or she will cherish, like a weekend getaway with the family. Word will spread that being the most fuel-efficient driver pays off.

CALL TO ACTION

- Identify three ways the fleet can reduce fuel consumption.
- Require drivers with speeding violations to attend mandatory fuel savings training.
- Implement a fuel savings contest and reward the most fuel-efficient drivers.

[1]Read more in "An Analysis of the Operational Costs of Trucking: 2017 Update" at http://atri-online.org/wp-content/uploads/2017/10/ATRI-Operational-Costs-of-Trucking-2017-10-2017.pdf

Note: *These lists are not intended to be all-inclusive.*

This material is intended to be a broad overview of the subject matter and is provided for informational purposes only. Old Republic Insurance Company of Canada does not provide legal advice to its customers, nor does it advise insureds on employment-related issues. Therefore, the subject matter is not intended to serve as legal or employment advice for any issue(s) that may arise in the operations of its insureds. Legal advice should always be sought from the insured's legal counsel. Old Republic Insurance Company of Canada shall have neither liability nor responsibility to any person or entity with respect to any loss, action, or inaction alleged to be caused directly or indirectly as a result of the information contained herein.
Used with permission by Great West Casualty Company.

©2019 Old Republic Insurance Company of Canada, All Rights Reserved.

Knowledge Verification

Driver's Name: _____ Emp/Unit #: _____

Please answer, and forward a completed copy to your Safety Department/Safety Representative.

1. Driver behaviour could be a cause of excessive fuel consumption. ☐ True ☐ False
2. It's a good practice to reward drivers an incentive for good fuel economy. ☐ True ☐ False
3. Fuel costs are about 20% of a carrier's cost per mile. ☐ True ☐ False

Answers:
1. True
2. True
3. False

OLD REPUBLIC CANADA

SMART DRIVER®

APRIL 2019

Embracing Fuel Economy