

Knowing Is Half The Battle

Benchmarking to Identify Areas for Fleet Fuel Savings

In February alone, the average price of a gallon of gasoline was 50 cents higher than the same time last year. This was before the unrest in North Africa, which drove a barrel of oil above \$100 and gas prices up another 17 cents in just one week. With the wave of regime change sweeping North Africa and threatening the Middle East, fuel prices face even greater upwards pressure through the first half of this year. Are we seeing another run-up similar to 2008? Possibly. It is also certainly possible that 2011 will set a new watermark that eclipses 2008.

To say the least, the fuel market will remain challenging throughout 2011. This means public and private sector fleet managers face a tough road ahead in terms of meeting operational and financial goals. Unfortunately, many fleets are unaware if they are performing optimally in terms of fuel management or how they compare against the rest of the industry. Without this basic understanding of fleet fuel management performance, it is impossible to make decisions on where to make improvements and gird against rising and volatile fuel prices that could last into next year.

Like GI Joe says, “knowing is half the battle.” Fleet managers in this economy and this fuel market must assess their fuel management performance or run the risk of operational budget overruns and bleeding dollars that would normally go straight to the bottom line of the company. It is time to know where you stand so you can fight through these tough times.

So, where do you start? First, analyze past fuel management practices and results, and, second, benchmark against the rest of the industry. Examples of the areas to examine include:

SPEND ANALYSIS

- Purchase volumes
- Geographic distribution of demand (if applicable)
- Fuel systems infrastructure
- Fuel taxation exemption status by location and use
- Actual invoice line item charges

BENCHMARK

- Best practices
- Published fuel price indices (such as OPIS)
- Time series analysis against published indices
- Ongoing performance improvement targets



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Will other countries in North Africa and the Middle East experience political turmoil placing world oil supplies in jeopardy?

Performing this analysis and benchmarking can certainly take time and require resources that are not necessarily available in an organization. The good news is that there are third-party companies that specialize in performing this type of study. By going with a third-party, you immediately plug into people, processes, and tools to complete an entire benchmark process in

a short amount of time without taxing your internal resources.

Will other countries in North Africa and the Middle East experience political turmoil placing world oil supplies in jeopardy? Will the rest of the world react appropriately to curb rising fuel prices? The future is unclear as the events we are seeing were unfathomable just a few short months ago. In

these unpredictable and difficult times, it is incumbent upon fleet providers to grab hold of their fuel management processes looking for ways to improve efficiency and lower costs – for some as much as 4-6 cents per gallon. These steps require data that can only be attained via a low investment benchmarking process. As G.I. Joe says, “knowing is half the battle.” Go Joe!

Article by David Zahn, VP of Marketing, FuelQuest. To find companies to help you control your fuel costs, turn to NAFA's Online Buyer's Guide at <http://www.nafa.officialbuyersguide.net> or download our mobile app for iPhones and Blackberries.