

## FUEL MANAGEMENT

# Fill 'Er Up

*Fuel management strategy can benefit small fleets too.* By Tom Kelley

In today's business environment where fuel prices have more ups and downs than a roller coaster ride, managing fuel cost is more important than ever to the success of a distribution fleet.

"Fuel management" most typically refers to the strategies and software programs used by mega-fleets that buy fuel a tanker-load at a time to operate their own fueling facilities, but the concept also has applications in even the smallest of fleets.

At the top end of the scale, a fuel management program will follow the "fuel chain" all the way from pre-purchase price shopping, to the route delivery truck's fuel tank and beyond. Key components that are unique to the large-scale programs include the ability to track/manage fuel inventory, and provide leak detection/vapor emission compliance monitoring.

Fuel management programs such as FuelQuest's FMS 4.0 integrate price-tracking, purchasing, inventory, compliance tracking, dispensing and usage tracking into a single package capable of managing fueling operations at one location, or several. With the system, distributors can reconcile fuel orders, deliveries and invoices, preventing inventory shortages and overpayments.

FuelQuest also offers Fuel Center, an outsourced service for those large fleets that need comprehensive fuel management, but don't want to administer the process internally.

However, smaller fleets without their own on-site fueling operation won't need the inventory and compliance capabilities, and may not have the IT resources to support the large-scale programs. There are smaller-scale options that can deliver many of the mega-fleet benefits to distributors with fewer than a dozen trucks.

The most basic element of fuel management is the simple act of reconciling payments for fuel against purchases, and track-

ing fuel used against mileage on each truck. This simple process can be accomplished with basic spreadsheet software, or even a paper ledger. The advantage to using fuel management software is the automation of the reconciliation and report generation process. Without some type of purchase reconciliation process, manual or computerized, it's all too easy to

end up paying for more fuel than has actually been provided.

A step that smaller fleets sometimes overlook is negotiating a volume discount. Even those fleets with just a few trucks will end up purchasing far more fuel than the average retail customer, so even the smallest of fuel vendors are likely to negotiate a discount off the posted retail price.

Given the volatility of fuel prices, a single fuel vendor may not always have the lowest price, so tracking the prices at multiple vendors and making purchase decisions accordingly can trim even more off a fleet's fuel cost.

If discounts are negotiated, drivers must be informed that they can't go by the price at the

pump, and that there are systems in place that require their compliance. Otherwise, the driver who hears fuel is cheaper across the street may go there to "save" the company money.

One of the easiest ways for a small fleet to obtain a volume discount/rebate and track fuel usage is to choose one of the fleet fuel cards offered by many national fuel brands and some private label fuel distributors. In many cases there is little or no cost or fee associated with setting up or using the fuel cards.

FleetCards USA operates as a matchmaker to pair fleets with as few as one to five trucks with the available fuel card programs serving the fleet's operating area. FleetCards represents leading fuel brands including BP, Chevron, Texaco, ARCO, CITGO, MasterCard and Fuelman. To date, FleetCards has worked with roughly 300 beverage distributors and thousands of other fleet operators to set up fuel card programs. Typical



configuration options include the ability to limit daily purchase amounts by each vehicle, requiring entry of odometer readings and driver numbers, and restricting purchases by time of day.

Another possibility is to look at software developed for over-the-road freight operations. Because the freight haulers rarely operate their own fueling facilities, the inventory/compliance management features are foregone in favor of more robust price-tracking capabilities in software packages designed for that market.

ProMiles offers its XF Kingpin package, which, in addition to a wide following in the freight industry, also has attracted a number of beverage distributors. Along with street-level routing and shipment cost analysis, XF Kingpin also offers fuel purchase optimization features.

Beverage fleets operating in smaller markets with limited fueling choices may not need the advanced fuel price tracking module, but those operating in an area with many fuel-



«MOST OF THE FLEET FUEL CARD PROGRAMS will offer a modest discount off posted retail pricing, as well as provide extensive reporting and purchase control options.

ing options may be able to realize significant savings by adjusting their fuel purchases based on the timely pricing information provided by the Fuel Management upgrade module.

Says ProMiles rep Chris Lee: “We have a distributor whose drivers service a fairly wide area and need to purchase fuel during the day... One of the problems that existed before implementing our system was that remote purchases were drastically reducing the volume level at the preferred vendor (thereby affecting discount levels). Our software allows the user to specify an ‘ending fuel’ amount—

allowing the dispatcher to instruct the driver to stop at a remote fuel vendor to purchase only enough to get back to the preferred fuel vendor, rather than filling up at the remote location. While the fleet doesn’t get a great discount at the outlying stops, they are able to maximize the volume purchased locally, resulting in a fairly substantial discount at their primary fuel stop.” **BW**

## EVALUATION AUDITS FOR BEVERAGE PLANT OPERATIONS

- >> Evaluation Audit Necessity
- >> Process Execution Analysis
  - >> Problem Recognition Definitions
  - >> Solution Development Objectively
  - >> Solution Execution Realistically

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