7 Strategies That Will Immediately Reduce Fuel Expenses

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If you own a fleet of trucks then you understand the challenge of managing fuel expenses and how the cost of fuel can make or break your EBITDA results each month. Below are just 7 strategies, ideas and tactics that can be used to better control your fuel expenses. There are many more.

1. Reduce your miles. The best way to reduce fuel cost is to drive less miles by being more efficient. Sounds simple but very few fleet managers analyze the miles they operate against the business they service. I encourage every fleet manager to plot the daily routes their drivers travel. I guarantee that you will find a problem with back-tracking, crisscrossing or off route miles. Look at customer delivery times, pick-up times, appointment scheduling, road construction, travel congestion, equipment needs, driver start times and even where your drivers take their lunch. I once discovered a driver who was traveling off route 10 miles one way each day just to go to their favorite diner for lunch. That's 20 miles round-trip per day or 100 miles per week of off route miles. If you had 20 drivers doing this every day you just spent $43,000 a year on fuel so your drivers can go to lunch. And that's not counting the cost for equipment, labor, etc.
2. Look at the power unit and trailer aerodynamics. Experts claim that fuel economy can be improved by 7-12% just by having the proper aerodynamics installed. So based on the logistics of your operation, consider equipping your fleet with the many different drag resistant options available.
3. Tire pressure. Every driver is required to perform a proper DOT vehicle inspection whenever they operate a vehicle. However, I rarely witness a driver check the tire pressure. Some tires now have automatic sensors but are your drivers looking at this to make sure each tire is properly inflated? Correct tire pressure can save 5% fuel cost and reduce wear so do not overlook this.
4. Power unit engine specs. Drivers love powerful engines that can pass other vehicles safely, climb hills better or even get to their next stop quicker. But do they really need all that power? If you are the one paying for fuel then you need to spec the power units with fuel cost in mind. Make sure you have enough power to be safe but not too much power so you burn unnecessary fuel. In addition, I recommend governing your power units with the same thought process. Safety and Performance. There is over a 5% fuel savings here.
5. Driver abuse. Check the power unit's engine computer or ask your driver trainers to ride along with drivers to make sure they are shifting properly and operating the power unit according to the manufactures recommendations. Studies show there is a 5% fuel savings based on how drivers operate the equipment.

6. Idle time. One gallon of fuel is used for every hour of idling. So if you have 20 vehicles that idle 1 hour per day, at 252 days you just spent an additional $15,000 on fuel for the year. In addition, the American Trucking Association claims that one hour of idling per day for one year also results in the equivalent of 64,000 miles of engine wear.
7. Operational footprint. Look at your business footprint to see where you are operating power units and make sure the footprint is cost effective. For example, I once had a client that allowed their sales force to sell anywhere they wanted. So when I plotted the driver routes I discovered that many drivers were traveling 25+ miles one way to an off route stop. That's 50 miles round trip for just a single stop. In their case they had roughly 500 miles average per day that were off route. I was able to outsource those out-of-route stops along with bringing the sales team together to agree on an efficient footprint for internal operations. Fuel savings alone totaled over $50,000/year. Then add in labor savings by avoiding those stops and they saved over $100,000 of internal cost a year (not counting equipment cost savings).

Not one of the fuel saving improvements mentioned above included the actual cost of a gallon of diesel fuel. Instead these fuel saving strategies all dealt with ways you can spend less on fuel by managing your operation, equipment and labor forces better. Depending on the size of your business model (trucks, miles, drivers, footprint, etc) there may be $200,000 to $1 million annual savings in fuel related cost alone just by managing your operation smarter.

Calculations to Support Some of the Cost Savings Above

#1 20 miles/day * 20 drivers * 252 working days = 100,800 miles/year divided by 7 MPG = 14,400 gallons per year * $3.00 cost per gallon = $43,200 fuel cost per year

#6 20 trucks * 1 hour or 1 gallon of fuel per day used for idling * $3.00 cost per gallon = $60 /day
$60 /day * 252 working days = $15,120 fuel cost per year

#7 500 miles per day * 252 working days = 126,000 miles per year / 7 MPG = 18,000 gallons per year * $3.00 per gallon = $54,000 fuel cost per year

Labor Cost 1 hour per day * 10 drivers = 10 hours per day * 252 working days = 2520 hours per year off route * $20 per hour labor cost = $50,400 labor cost per year

Conclusion Paragraph ($200,000 on 20 trucks)
$43,000 + $15,000 + $54,000 + $50,000 = $162,000
+ aerodynamics + tire pressure + engine specs + driver abuse = $200,000

If you conclude there is a savings of roughly $10,000 per power unit per year
Then if you had 100 power units it would be $1 Million fuel cost savings per year