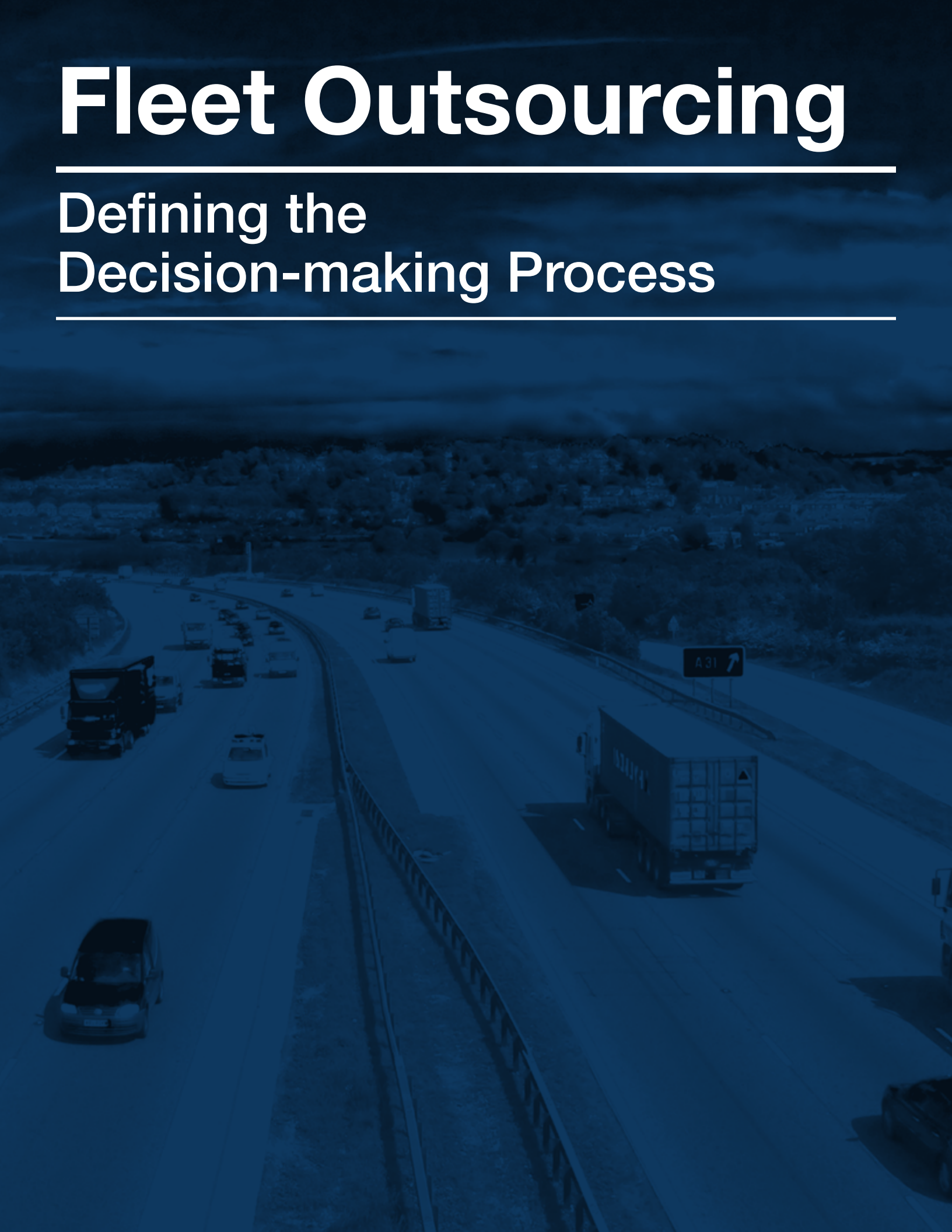


Fleet Outsourcing

Defining the Decision-making Process



The Decision-making Process:

Private Fleet vs. Fleet Outsourcing

Since there is no “right” answer to the question of whether to insource or outsource your fleet, we recommend that organizations should consider using a decision-making framework consisting of the following steps to fully evaluate their fleet options:

STEP 1

Project Objectives

Document the objectives of the project. What are the key drivers that are causing you to consider fleet outsourcing? Which factors are more important than others? To assist you with your decision-making process, refer to page 3 for a project definition and objectives template. Additionally, Canada Cartage’s ‘Fleet Outsourcing Evaluation Guide’ can help in better understanding the insource vs outsource models.

STEP 2

Assess Current Proficiency with Fleet Management

In important areas of professional fleet management, you should assess your organization’s current levels of proficiency. This will help you to focus on where you want to gain improvements, and which areas are the most important to your company. Canada Cartage’s ‘Fleet Management Self-Assessment Guide’ provides you with a series of 24 questions to help your team to “score” your proficiency level.

STEP 3

Determine Total Cost of Ownership (TCO)

A critical step in weighing fleet insourcing versus outsourcing is determining your “Total Cost of Ownership” (TCO). Your TCO will be a combination of “hard costs” (lease payments, driver wages, repairs, tires, etc.) and “soft costs” (administration, management time and attention, risk and liability, etc.). The soft costs are harder to quantify, but are important to understanding your complete fleet investment.



To assist you in calculating your TCO, Canada Cartage has developed a TCO Calculator™. This tool will help you to identify both the hard and soft costs of fleet management, and provide you with a benchmarking tool to help you make a decision.

STEP 4

Benchmark Private Fleet versus Fleet Outsourcing

Now that you have a better understanding of your corporate objectives, current proficiency with fleet management, and your total cost of ownership, the next step is to benchmark this against a fleet outsourcing model. Canada Cartage can provide you with an objective, no-obligation assessment of your current fleet capabilities and costs versus using a dedicated outsourced fleet model.

STEP 5

Decide the Best Path for your Company!

If you have followed Steps 1 through 4 above, you should have all the information you need to make an informed decision on insourcing versus outsourcing your fleet.

Fleet Outsourcing:

Defining Project Objectives

Below is an example of how you may want to frame the corporate objectives of the project. Putting definition around the project will help you to communicate it quickly and effectively as you pull in project members both internally and externally. It will also help you to guide the direction of the project.

Project Name	Fleet Insourcing vs Outsourcing Evaluation
Project Statement	The goal of this project is to objectively determine if [company name] should continue with an insourced private fleet of trucks and drivers, or outsource our fleet to a dedicated provider.
Current Situation	[company name] currently operates a fleet of [x] tractors and [x] trailers, and employs [x] drivers. Additionally, we have [x] full-time and [x] partial-time employees dedicated to manage the fleet operations.
Concerns With Current Situation (Reason for the Project)	<p>The project is being initiated due to the following concerns (note: retain relevant bullet points from the list below, delete ones that do not apply, and add any additional concerns that are not listed):</p> <ul style="list-style-type: none"> • Difficulty recruiting new drivers • Difficulty retaining current drivers • Challenging to keep up with regulatory changes • Underutilized equipment • Not enough equipment • Equipment is aging and will need to be replaced • Company lacks sufficient capital to be allocated towards fleet replenishment needs • Administrative and management costs of fleet are high • Fleet is a non-core competency; management distraction • High corporate risk of vehicle accidents and the resulting liability, legal costs, management involvement, and damaging public image • Lack of visibility of total cost of ownership
Desired Outcome of the Project	The project will be considered a success if the company can establish both financial and non-financial measurements that objectively determine if the best strategic direction is to maintain a private fleet of vehicles and drivers, or outsource vehicles and drivers to a 3rd party provider of dedicated fleets.
Timelines and Deliverables	Fill in milestone dates, deliverables, and an end-date for the project.
Resources Required	Insert the names of the internal and external resources you will require to complete the project.

About Canada Cartage

Founded in 1914, Canada Cartage is the country's largest provider of outsourced fleet solutions, providing dedicated equipment and drivers to both small and large firms. Canada Cartage also provides a complete range of supply chain and logistics services under our subsidiary companies including Direct Distribution Centres, Direct2Home home delivery services, and non-asset based transportation management through our Vanguard Global division. For more information, visit www.canadacartage.com.