

SENIOR MANAGEMENT TELEMA

Getting senior management to understand the value of implementing telematics in fleet will play a significant role in the programs success. **By Lauren Fletcher**

Deploying telematics in fleet is not a simple task. Through all steps of the process, from determining fleet needs, to researching products, to deploying actual devices, senior management support is a critical component to ensure the process proceeds as smoothly as possible.

Importance of Senior Management Support

Senior management's support is critical for all policy-based programs. Telematics and other fleet and safety-related programs are no exception.

"Support will be necessary for the program's expenditure and the initial impact on the fleet budget. The fleet manager will ultimately be required to prepare the ROI and justify the program internally. Once finan-



GUERTLER

cial approval is obtained, senior management's support is key in deploying the program to the field and its importance to overall cost-saving strategies," according to Steve Guertler, vice president, Emkay, Inc.

"Policies must be set and ultimately need to be enforced when infractions occur, which requires top-down attention to policy implementation repercussions. Upfront support goes a long way toward achieving driver acceptance and compliance," Guertler continued.

Keith Steidle, manager, product development for ARI agrees.

"It is absolutely critical to have senior management, as well as all management, on board when implementing a telematics program. Telematics devices monitor driver behavior. This may make some drivers uneasy and make them wonder why their employer is 'watching' them. Senior management needs to explain the program solves a business problem, such as making the fleet 'greener' or automating mileage reporting."

It is necessary for senior management to aid in enterprise-wide deployment and drive business processes that must be changed



STEIDLE



to realize the full potential of a telematics solution.

"This is necessary because, many times, there is resistance to changes that affect many functional groups within an organization. Getting senior management involved early shows the value of a telematics solution across an entire organization, as there are unique benefits to each segment and division. It enables management to be completely involved and hold their people accountable for reaching certain goals and exposes areas where improvement is necessary," said Sean McCormick, product manager for Telogis.



McCORMICK

AT A GLANCE

Senior management support of a telematics program impacts:

- A purchase decision – senior management holds a company's "purse strings."
- Program implementation and driver buy-in.
- Establishment of policies and handling of driver infractions.

SUPPORT OF TICS CRUCIAL



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Through presenting data in a concise fashion addressing key performance indicators (KPIs) and allowing senior management to drill down to explore further data as needed, the overall telematics solution becomes easier for them to understand, support, and communicate to every level of an organization, McCormick continued.

Senior management must ensure the telematics program is integrated into the company's fleet policy so drivers know they are held accountable for their behavior, recognize the negative consequences for improper behavior, and understand the program's goals, added Steidle.



GEFFROY

Spreading the Word

Senior management can also be the most effective communicators of a telematics programs' success.

"For example, if a company is implementing a program to reduce greenhouse gas (GHG) emissions, senior management can emphasize the reduction of the overall carbon footprint," explained Steidle.

Bruce Horan, director, telematics for PHH Arval, believes the demand for a telematics solution begins at the ground level. Local and regional level managers need tools and information to more effectively manage driver productivity, and reduce risk and vehicle operating costs.

"Senior level sponsorship is needed when companies deploy a solution corporate-wide — not only to approve funding, but also to set company guidelines and policies," said Horan. "Since telematics can touch many different areas of a company, such as human resources, safety and risk, operations, and fleet, senior level support from each area is key to achieving the highest return on investment."

Many information and communications technology implementations require senior management support; however, telematics programs are especially critical since they touch so many aspects of an organization's operations and culture, according to Michael Geffroy, VP, global



HORAN

sales for TomTom WORK.

"This is where active guidance and senior management support comes into play. From a pure technology perspective, telematics applications often require tight integration with existing business support systems," Geffroy said. "From a behavioral standpoint, telematics can require significant changes from mobile workers. In both cases, active involvement from senior management can help eliminate any parochial objections or roadblocks to overall success."



CLARK

A telematics program requires dedication, support, and patience from multiple functions in the organization to be successful, particularly since such programs also entail upfront costs that do not always create immediate payoff, noted Kimberly Clark, product application manager for Wheels Inc. "Consequently, many new telematics programs are put on the back-burner, or simply shelved for considerable periods of time," she said.

"By achieving senior management support from the get-go, a company can cut through the red tape and ensure a program is able to receive a fair, top-level review for budget approval," Clark continued.

Furthermore, there may be some natural hesitancy and misconceptions regarding a new telematics program that must be discussed and assuaged at senior levels to ensure the program isn't shut down before a cost/bene-

fit analysis is completed. It is critical that data is integrated into an organization's processes and fleet policies to ensure long-term success of a telematics program.

"The sooner senior management is behind the program, the sooner the necessary processes can be in place to ensure it runs smoothly," said Clark.

In addition to senior management, fleet should ensure all user departments are involved in instituting a telematics program. "Achieving this sort of interdepartmental cooperation without high-level support can be difficult. With senior management on board early in the process, every department in the organization can feel confident to take quick action on the data to reduce costs and create new revenue opportunities," said Clark.

Senior management support impacts not only the purchase decision, but perhaps more importantly, the value that can be derived from the deployment, according to Dyan Finkhousen, strategy leader mobile resource intelligence for GE Capital Fleet Services.

"A well-constructed program will provide actionable insight based on the business challenges senior management is targeting. Also, as a telematics program begins to reveal business opportunities and best practices, senior level sponsorship of process changes, policies, and best practice recognition will dramatically accelerate the realization of additional efficiencies and profit."

Telematics reporting mechanisms help fleet managers interpret a huge volume of information, noted Diana Holland, director of fleet management services for Merchants Leasing. "But it's the implementation plan — real, tangible action items — that make the difference in actually modifying driver behavior."

According to Holland, the implementation plan applies to safety concerns, minimizing unnecessary fuel consumption, and other strategic initiatives that sprout from data collect-

ed from telematics units.

"Senior managers can and do act as change agents. They can lead by example and use carrots, sticks or both to ensure that ROI is achieved," she said.

Union Leasing believes the importance of senior management support varies depending on the fleet.

"For some fleets, the fleet manager has complete control and trust of senior management. In this case, the deployment and maintenance of telematics are completely up to them," said Mark Conroy, vice president, sales & marketing for Union Leasing. "However, in some organizations, telematics has a high visibility, especially if it is viewed as contributing to profitability or revenues. In these cases, senior management support during the sales process and post-implementation is crucial to the success of the program."

Lack of Support Impacts Telematics Programs

If senior management support is critical and it is not provided, then other support within the company will be eroded, noted Conroy from Union Leasing. "In this case, the telematics program will not be as effective at achieving its maximum return, which could lead to it being shut down."

Steidle of ARI agrees. "Without involvement from senior management, a telematics program will not be tied to company policies or business goals and the devices will just be generating data for data's sake."

Without early support from senior management, "you risk not getting their buy-in to the value and power of a telematics solution and how it provides value across all functional levels of an organization," said McCormick of Telogis. Senior management will drive the strategic vision and prime metrics that should be tracked.

A telematics program's success is based primarily on the ability to take quick action upon the data, noted Clark of Wheels.

"Lack of senior-level oversight is

tremendously detrimental to a program's implementation, and may prevent the program from even getting off the ground," she said. "Without senior management support, it will be very difficult for fleet to communicate and create actions to change driver behavior and drive new cost or revenue opportunities through the technology."

Clark also noted that telematics is not a product deployed "off the shelf" — it should be customized to the needs of an organization and integrated into multiple areas of the business, similar to an organization's basic customer relationship management system or similar functionality.

"This naturally requires senior management advocacy driving adoption, continued evolution of the service, and acceptance across the organization," said Clark.

If a strong, pervasive, and consistent message isn't conveyed by management, "the program value can easily fall victim to inefficient or non-compliant activities, and misconceptions regarding program objectives," said Finkhousen of GE Capital Fleet Services.

To gain senior management support, fleet managers should select a telematics program that can provide a variety of reports and information. "Comprehensive reporting capabilities help management understand how vehicles are used and how to apply that information to reduce fuel costs and maintenance expenses," said Conroy.

According to Geffroy of TomTom WORK, "I've seen implementation successes and failures without senior management involvement, but would strongly recommend securing management support. Without it, developing the right deployment plans, communicating clear reasons for the change, and keeping the entire project on track can be problematic."

Without support from senior management, Holland of Merchants Leasing believes a program will still hold value, but the overall value could be diminished.



FINKHOUSEN



CONROY

“For example, if an organization or firm reviews management reports monthly and drivers are ‘asked nicely’ to reduce idle time, but do not feel any reward or consequences to make the necessary changes, they will be less likely to actually change the behavior,” said Holland. “The 80-20 rule will apply. Some improvement will be made, but not optimal.”



HOLLAND

Challenges and Obstacles

As with any new product or policy, there will be challenges and obstacles to overcome. The biggest obstacles to a program’s implementation include cost, understanding potential benefits, and prioritizing resources.

“Senior management is most interested in seeing a quick return on their investment. If you are able to show a return-on-investment within six months, you will have a better chance of maintaining support for the program,” noted Conroy of Union Leasing.

“Senior management wants to know how much the program will cost, what the benefits are, and how much time existing resources will have to spend managing it,” said Steidle of ARI.

Fleet managers or business line VPs must convince senior management data captured by telematics devices adds value to a business when used correctly. “It is important to speak to senior managers in their terms. They also need to be convinced benefits outweigh the cultural risk the company will take by introducing driver monitoring,” said Steidle.

Additional areas of concern include privacy, culture, and investment cost.

“Building a business case that shows the ROI and the investment in the safety and productivity of your drivers will help overcome any objections from senior management,” noted Horan of PHH Arval.

Senior management is also concerned with driver apprehension and “big brother” fears employees sometimes have about telematics. This is another reason why fleet managers must be very clear about the business bene-

fits of adopting a telematics solution — to gain “buy-in” at all organizational levels to ensure success, said Geffroy of TomTom WORK.

“On the other end of the spectrum, stakeholders can get so excited about all of the ‘bells and whistles’ of a new telematics system they lose sight of essential product functionality required for an organization to achieve its tangible business, financial, and behavioral goals,” said Geffroy.

Don’t get derailed into a cost and/or function-based discussion with senior management that will distract from spending time on the real value of a telematics program — what actionable insight is needed to solve the unique business issues of greatest impact to your organization.

“Within your organization, you must be the champion of the insight necessary to solve enterprise-wide issues, which means working closely with your peers in other departments,” said Finkhousen, of GE Capital Fleet Services.

Partner with senior management before deploying a telematics program to confirm their support and stay close throughout the deployment process to ensure expectations and actions remain in alignment, suggested Finkhousen.

Similar to challenges with any other organizational initiative, “the greatest challenge is access to the key stakeholders and getting the time necessary to engage them into the program,” said Holland of Merchants Leasing. “We suggest approaching it quite simply, such as, ‘Hey Bob, I’d love to grab 5 or 10 minutes of your time to tell you about some recent success with our telematics pilot program. We’ve already seen a reduction in our fuel expenses by \$X.’” Holland also suggested to add the topic to the next quarterly review or P&L meetings.

“We also encourage frequent communications as it relates to success stories,” said Holland. “Use the success stories in a company newsletter or via periodic e-mail updates to the senior team.”

Increasing a Program’s Success

“The organizations that derive the greatest enterprise value from telematics programs are those that consider the business case for each function — fleet management, operations, sales, safety and compliance — and avoid getting distracted by features and functionality,” noted Finkhousen of GE Capital Fleet Services.

Equally important, “senior management plays a key role in the cultural perceptions of these programs, and the institutionalization of process changes that will help the organization gain the greatest return. Effective use of the right telematics program is the key to setting the new standard of performance for mobile operations,” continued Finkhousen.

Fleets are most successful when they take time to develop an internal deployment plan for telematics. “In this plan, they identify what to focus on first and what they expect to master in the first few weeks, months, and years in order to realize the greatest ROI,” said Conroy of Union Leasing.

Senior management must understand telematics is not simply the device in the vehicle. “Equally, if not more important, is application of smart analytics that unlock the true value: transforming telematics data into actionable information that enables managers to improve fleet compliance, mitigate risk, and reduce costs across the fleet,” said Steidle of ARI.

The financial benefits of telematics are always of interest to senior management — quick ROI, lower labor, and fuel and maintenance costs. “We have also found telematics can improve employee satisfaction for mobile workers and pay long-term benefits in terms of employee retention and performance, or even regulatory compliance,” said Geffroy of TomTom WORK. n

Part 2 of this article, focusing on tips to achieve senior management support of telematics, will appear in a future issue of Fleet Financials.