Reengineering Fleet Management

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Although change is a constant in almost all endeavors, no industry has experienced more dramatic change than fleet management. Twenty years ago, maintaining equipment was generally the only responsibility that the maintenance manager had, and he did that within a budget allocated to him by upper management. Today, the role of the fleet manager has not only expanded, but it is constantly shifting:

- From accepting technology to embracing and pursuing technology;
- From command and control to a shared vision and empowerment;
- From completing tasks to taking responsibility for outcomes;
- From operations specialists to marketing and communications experts;
- From total insourcing or outsourcing to a variety of hybrids;
- From hoarding resources to sharing resources;
- From having hundreds of vendors to forming alliances with a few;
- From following the rules to breaking them in the name of customer service;
- From "fleet only" to total maintenance management;
- From a total focus on cost to total customer satisfaction;
- From viewing departments as separate to embracing cross-functional responsibilities and outcomes;
- From low bid to best bid;
- From a focus on downtime to one on reliable availability;
- From measuring only the general, after the fact, to real-time analysis of detail;
- From shop mechanic to computer technician;
- From individualization to standardization;
- From total ownership of all equipment to maximizing of capital and technology;
- From owning and operating all fuel sites to a combination of strategies, including the universal card;
- From outsourcing warranty work to becoming certified to do it "in house"; and
- From a focus on cost only to leading the way for clean air.

And the list continues. Fleet managers are generally exhausted and have difficulty "stepping back" and prioritizing because there are just not enough hours in the day. For several years now, they have been threatened with privatization and have been continually urged to become more competitive. Unfortunately, they either try to hide for as long as possible or attempt to become more competitive by using outdated paradigms that no longer work or result in performance gains that are too little or too late. They work even harder and exhort their people to do the same, hoping that they will last until they can retire.

There is a better way, but it takes courage and commitment to break free of the "way we've always done it" and to start over with a clean sheet and design a new way of providing service to our customers, both external and internal. Call it reengineering, a term popularized by Mike Hammer, or reinventing, the public sector's response to the same challenge, Americans have responded in record numbers and we are now universally recognized as the most productive and competitive country in the world. We have become so efficient and effective that there is no one even close and experts predict that, unless we slip into complacency—always a possibility, as we have been there before—we will continue, indefinitely, to stay at the top.

We got there by unleashing our competitive spirit and accepting the challenge to be the best. To be the best requires a relentless pursuit of constant improvement in our processes and adding value for our customers. The improvement model that has evolved provides us with a "blueprint" for becoming more competitive. This model, as presented in Mike Hammer's latest work *Beyond Reengineering,* is shown in Figure 1.

As the model indicates, the first step is to determine what the customer wants and needs. Traditionally in our industry we have used written customer surveys, either at the point of service or at a periodic interval, generally every year or longer. With the proliferation of surveys for everywhere we go and everything we do, most of us have lost interest in filling them out, and getting accurate, thorough data has become a challenge. The other limitation is that they are one-way communications without chance of additional clarification or feedback. There are two methods of acquiring accurate customer feedback that are becoming more popular: the telephone survey and customer focus groups. The telephone survey can be very effective if the questions are designed well and if the right person makes the call. No one wants to be surveyed by someone who does not know our industry and is just "filling in the blanks." A good interactive phone exchange can be very effective in uncovering unmet needs of customers. Customer focus groups have become increasingly popular in all industries and, when conducted for fleets, have revealed some very interesting facts. So often what we think is important to customers is either low on their list or does not make the list at all. The open-ended style of focus groups and the ability of customers to piggyback on each other's ideas can be very powerful in helping us discover where we need to be placing our resources.
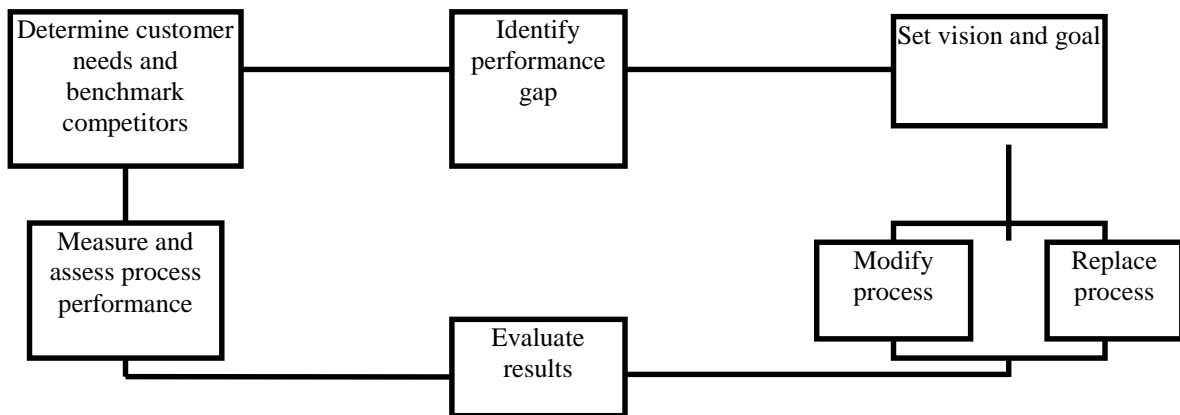

FIGURE 1 Improvement model.

Once we have a clear view of what the customer wants, needs, and expects, we have to find some organizations that are "best in class" in providing these services and then benchmark our numbers with theirs. Probably my greatest frustration with our industry is that we all talk about benchmarking, but when it comes to sharing our real numbers with each other, we start making excuses—e.g., our class divisions are different, or our repair type schemes do not match. At CCG we spent two years standardizing codes and developing 17 benchmarks—and the reports to reflect those benchmarks—so that our customers could compare their operations and learn from each other. We made it as easy as it possibly could be and we are struggling to get participation. We have called, we have sent reminder cards, and so forth, and yet most of our customers have not responded—and many of them have outstanding operations. We have to know and be honest about our numbers and be willing to compare them to the best if we are ever going to achieve world-class competitiveness.

Once we have compared our numbers with the best, we determine what our performance gap is and just how far we have to go. For instance, a mechanic productivity benchmark at an outstanding operation might be 87 percent and ours is 55 percent; that is a huge gap and no amount of "tweaking" is going to close the gap. We will need to throw out our current work order process and begin to develop one that enables, and accounts for, better mechanic productivity. Alternatively, if our productivity is 78 percent, we might choose to use some Total Quality Management (TQM) techniques and self-directed work teams to isolate some opportunities for incremental improvement. It is the size of the gap that determines what type of improvement techniques we will utilize.

No matter what technique we choose to use, however, we must not charge in and begin implementation until we have created a clear vision of the desired outcome, accompanied by some specific goals and implementation strategies. This step is crucial and, without it, no substantive or lasting change will take place. And yet it is where so many fleets stumble and fall. Unless they have hired an outside consultant to facilitate them throughout this step of the process, few will actually spend the time to work with front-line staff to create their own vision, goals, and strategies. They would rather borrow someone else's, and, though this is better than nothing, it is not nearly as effective as spending the time together to really discover our greatest opportunities for improvement. It is a very basic management principle; if they did not create and, thus, do not own the outcomes, they will never really fully invest in them. And when they do not reach the vision and goals, it is never their fault because someone else set them.

Once we have a clear picture of where we are going, it is time to identify the process that must be modified or replaced (depending on the size of the gap) in order to achieve our objectives. A process is a complete end-to-end set of activities that together create value for the customer. It is very important that we not spend too long on examining our processes, because the longer we study them and ask questions about them, the more likely we are to "understand" them and not change or radically redesign them. As John Kenneth Gailbraith once said, "Faced with the alternative of changing one's mind and proving it unnecessary, just about everybody gets busy on the proof." At a minimum, flowcharting our processes is a necessity: pictures so often reveal all the superfluous, non-value-adding things that we have been doing for years, and of which we

are totally unaware. At some point in history, there was a valid reason, a reason that technology has probably now made obsolete.

After the process review, we decide what changes must be made to meet objectives. A key ingredient at this stage in the improvement cycle is evaluation of how well we are pursuing the latest technologies available to assist us in streamlining any step of the process. The single biggest difference in America's meteoric rise in productivity in the last few years is how quickly we embrace and implement new technologies. A very simple analogy (one which assists us in making the technology leap) is that anything that is a left-brain (transaction) activity should be replaced with technological solutions, thus freeing the creative right brain to find new ways to add value in serving customers. The faster we can solve customer problems, the more successful we will be.

Once we have eliminated the unnecessary steps in our processes and added value in as many ways as possible, we then track and evaluate results. There will be no substantive change without accountability, and the evaluation process must be ongoing and consistent, with the results visible to all those who are a part of the process being reengineered. Once we have measured and assessed our process performance for the established objectives in this particular area chosen for improvement, we start the process all over again. There is always room for more improvement; we do not have to be sick to get better.

Though the diagram and the summary make the improvement process sound easy to achieve, it is not. There are several key principles or truths that, if we understand them, can assist us in making substantive change within our organizations—and constant change is a must if we are to survive and thrive in today's increasingly competitive environment.

The first is the need for a change agent, an individual or thing (usually having to do with technology) that forces us to look at things differently. The change agent could be a new hire, someone eager and young, who has not had time to form a lot of bad habits or to "understand" the way we do things around here. It could also be a consultant, who, if skilled enough in implementing the improvement process, can provide courage, direction, and persistence in not quitting before accomplishing all the goals. It helps if this person knows fleet and understands the true complexity of the challenges we face. The change agent could be an audit, a new information system, or the incorporation of a new feature—such as bar coding—to the ones we already have. The change agent could be fear—and it often is—fear of losing our jobs to the privateer who promises better service at a lower price. Whatever it is, it is almost always necessary to have one or more to precipitate substantive change.

Another key feature of reengineering is the importance of a strong leader, one who has courage and the vision to stay focused throughout the process. This leader understands that there will be resistance to change—indeed, if there is no real resistance, then we are not trying to change much—and he or she will stay the course, no matter what. There will be tough decisions to make and, at times, morale will suffer, but the leader knows that he may have to sacrifice the few to save the many.

In today's competitive environment, we understand that we can no longer complete our work sequentially (i.e., first we do one thing, then the next, and so on). We do it simultaneously, a whole lot of things at once, using the pit stop for a racecar as a model of where we need to be. We also understand that our reasoning skills must focus on the inductive model, not the deductive one that served us so well for so long. It used

to be that it was enough to be good at defining the problem and then seeking and evaluating different solutions to it. Now we need to have the ability to see a powerful solution and to then seek the problems it might solve. As Wayne Gretzky said at age 28 when he was asked why he was great, "Because I go where the puck is going to be, not where it is."

Finally, reengineering is scary because it is fast and reckless and filled with mistakes and course corrections. It is not for the meek of heart. But, if we understand the process and the possibilities, we will embrace reengineering and, as a result, have vital and thriving organizations in which to work, organizations that make a difference. Deep down, we all want to make a difference.

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