

## Taking Customers for a Ride



### *Dakota County Works To Optimize Fleet Management System*

In today's world of increasing customer demands and shrinking capital, there is constant pressure on all organizations to do it better-faster-cheaper. The Dakota County government in Minnesota is no exception. Situated just south of St. Paul, Dakota County adopted a process-focus several years ago. They trained a large group of employees in process improvement and were eager to capitalize on their new skills... and identified the optimization of their fleet management system as a big opportunity to do just that.

Fleet management is the portion of the county government that is responsible for purchasing, maintaining, disposing of, storing, and utilizing vehicles and transportation equipment. In a county that covers almost 600 square miles and supports a population of around 400,000 residents, this was both a major budget item and a daunting challenge. Particularly since the old fleet management process wasn't crying out for improvement. As Director of Operations Management Taud Hoopingarner said, "We didn't start this project because we had major gaps to fill in a broken process. We did it because it was our responsibility as managers to figure out how to put all our good players in the best positions. We had to give our people the resources and structure they needed to be successful now and into the future."

#### *The Analysis*

The fleet management study was commissioned by senior management in 2005 and given a dual mandate:

- 1) **reduce capital/operating costs**, and
- 2) **improve service** to both internal and external customers.

Obviously, these objectives could work against each other if not carefully managed. A big challenge the team faced was evaluating processes and proposed changes from a "systems" or big picture perspective. The situation at the county at the time was that many separate entities managed their own transportation needs. The Parks Department and the Transportation Department, for example, each had their own vehicles, maintenance people, service processes, etc. The process improvement team had to watch out for potential solutions that would appear optimal to one operating unit, but not a good idea when viewed from a countywide perspective.

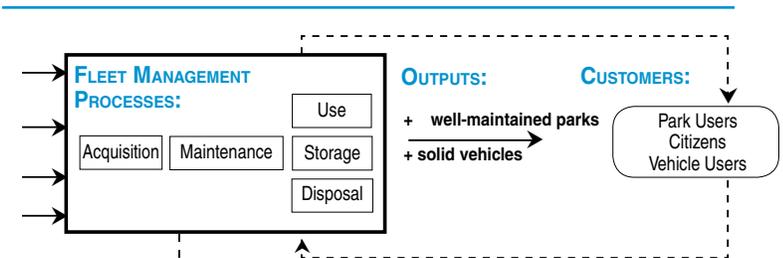
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### *Navigating Your Organization's Future*

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The team began with “As-Is” process maps of the main fleet sub-processes, which included acquisition, maintenance, use, storage, and disposal. The team followed up the mapping with interviews of internal and external experts in fleet management, attempting to get a more in-depth understanding of how and why the current system worked. Job shadowing was also performed to both ensure the processes were being performed as mapped and to try and gain insights into potential inefficiencies. The team collected data from all these mechanisms in an attempt to understand the current situation as well as possible. They followed the internal analysis with best practices research from other fleet management systems, including neighboring counties, cities, and the State of Minnesota.



## The Changes

The team recommended that the county switch to a centralized fleet management system. It was determined that both the customer and the budget would benefit from a more concentrated focus on fleet versus having each operating department handle it on their own. This recommendation was approved, and in fact a specific Fleet Management Unit was created. Some of the processes that were altered/created along with the rationale for making the change and the improvements realized/expected are detailed below.

**Vehicle pooling:** In the old system, each department had its own vehicles to purchase and maintain. The new centralized system enables each department to check out vehicles whenever they need them and share them across departments and work groups. This enables the operating departments to focus on their ‘real’ jobs instead of focusing on the maintenance of the vehicle. In addition, if a vehicle is in need of repair they can get a substitute immediately versus waiting for their own to be fixed. This contributes to departmental productivity.

**Vehicle Purchasing:** An important and significant outgrowth of the prior section is the impact on vehicle and equipment purchasing. The obvious implication relates to buying in bulk, which vehicle pooling makes much easier to do. Instead of five different departments each buying ten pickup trucks, for example, fleet management could buy fifty at a lower price. An additional benefit is that by monitoring the use of the pickups from the central location, it might be determined that fewer vehicles are actually needed.

**Fleet Requests:** In the old system every department made its own fleet requests as part of the budget process, and the requests were made in several different formats. This forced the management team to evaluate the relative importance of many disparate requests without a standard format for comparison. The new process includes a points system that takes many factors into account, including the age of the vehicle, mileage, type of service, reliability, maintenance and repair costs, and condition of the vehicle. This has led to a higher approval rate on new equipment, increased funding, and higher department satisfaction.

**Maintenance:** Prior to implementing the centralized system, each department was responsible for its own maintenance. This failed to capitalize on the collective expertise of the individual maintenance personnel, and as a result roughly 60% of the maintenance was conducted internally and the rest contracted out. Under the centralized system each incoming vehicle can be serviced by the full range of maintenance personnel, so the likelihood of having to outsource has dropped dramatically. In the new system 90% of the work can be performed in-house at a lower cost, and only specialty issues need to be outsourced. And the personnel working on the vehicles are 100% dedicated to maintenance in the new system, which produces faster and better repairs.

**Fuel Optimization:** As gas prices were on the rise, minimizing fuel costs became more and more critical to running a successful operation. The county took a two-pronged approach: pay less for what they use, and use less. In terms of paying less, the fuel purchasing process focuses on creating more buying power by purchasing in large quantities. The county is evaluating partnerships with other jurisdictions to buy fuel on an annual basis at significantly reduced cost.

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In addition, the county is looking at ways to reduce fuel consumption through the purchase of electric, liquid propane, and compressed natural gas vehicles as well as solar powered equipment.

**Data Management:** The county has had Computerized Fleet Analysis (CFA) software for quite some time, but lacked the ability to optimize its use. In the new system, all vehicle data are entered into the software in a consistent fashion, which enables departments to better understand their fleet data. For example, the Sheriff's Department is now able to analyze the miles-per-gallon they are getting on all their vehicles. If most vehicles are averaging in the 18-20 MPG range and one vehicle is getting 9 MPG, they now have the ability to identify the outlier and determine why it is occurring.



### The Reaction

The reaction to the new system has been almost universally positive, which is an outstanding testament to the hard work of the team. Director of Operations Management Taud Hoopingarner comments that “we’re able to look at our fleet more strategically now in terms of both overall cost and customer service.” This is evidence that the management team is happy with the improved clarity and availability of information. Management also has been excited about the cost savings and safety improvements of the new system.

Internal customers have been very positive about the changes. They have increased access to vehicles and overall improved service performance. They also are able to focus more time and attention on their core purpose versus dealing with peripheral maintenance issues.

And Fleet Management employees have enjoyed the benefits of being able to focus on making their operation better as a full-time pursuit. The new system has unleashed buy-in, customer focus, and a feeling of accountability.

### The Conclusion

What a great example of process improvement within an organization. Better processes, reduced cost, and happier customers.

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## Tool Corner: Logic Diagram

The logic diagram or decision tree is one of the simplest forms of process mapping. Use it to document a process that has decision points, exceptions or multiple potential paths and end points.

### The Logic Diagram:

- Enables the mapping of processes that do not have a singular sequential path due to “what if” conditions or multiple potential outcomes.
- Displays the necessary rework steps or detours required to complete tasks when a process encounters exceptions.
- Illustrates process intelligence or decisions made by process experts that are often retained as undocumented resident knowledge.

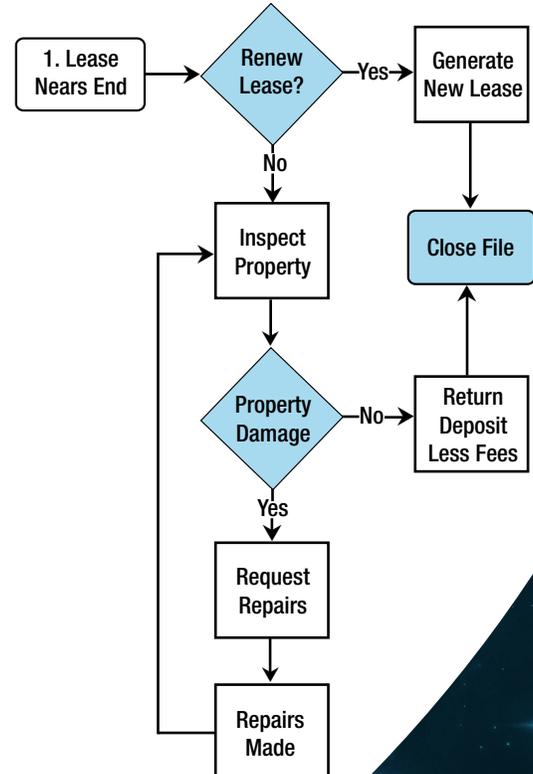
**Here are some tips that will help you make best use of this tool:**

**Tip** Logic diagrams can get very complex in appearance. Organize boxes to minimize crossing of transaction connectors.

**Tip** You may choose to minimize complexity by documenting only the most frequently occurring path (or the most time consuming, most expensive, etc) instead of every possible path.

**Tip** There are many variations of the logic diagram. Keep in mind that all variations go by the basic principles of using the symbols and connecting arrows to illustrate how the process actually flows from beginning to end.

**Tip** When a process has multiple paths, the dominant path may be highlighted to make it easier for the user to see through the complexity.



# Process Management Memory Jogger

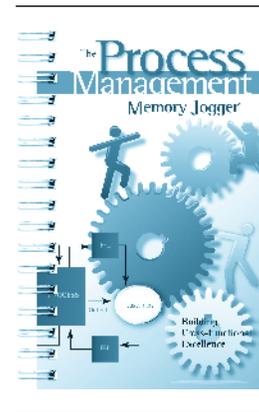
The world-renowned Memory Jogger™ series of booklets has been a staple of quality and process management practitioners for more than 20 years. Orion Development Group is proud to have authored the *Process Management Memory Jogger*, which will be available for delivery after December 15, 2008.

This new product, published by GOAL/QPC, will prove valuable to process managers and owners, process improvement team member, business analysts and trainers. *The Process Management Memory Jogger* will include tools and procedures that address:

- Process and Customer Requirements
- Process Design and Governance
- Process Mapping and Modeling
- Process Analysis and Redesign
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The *Process Management Memory Jogger* has an anticipated cover price of \$17.95.

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