

Fuel Management: Fleet Managers Feel The Pressure

AUTOMATED FUEL-MANAGEMENT SERVICES CAN BE A BOON TO THE BOTTOM LINE FOR FUELING-FACILITY OPERATORS

By Peter J. Cochefski (Director of Sales & Marketing)



As soaring oil prices drive the cost of fuel higher and higher, these continuing increases in fuel costs are wreaking havoc with company's fuel management programs and creating huge budget challenges. This is especially true for those where processes are not automated and the fuel data management is decentralized.

There are several examples of how non-automated fuel management is impacted and the ownership of this outdated system of fuel management falls directly on the site operator. Examples include fuel management at retail, cardlock, commercial, or industrial fueling sites. For years, every day at 9 a.m. the operator has been "sticking" his fuel tanks in order to obtain their inventory level. Sure, it might not be the most accurate way to measure product levels, but it has generally let the operator know how much fuel (diesel, gasoline, ethanol, etc.) he has left in the tank and when it is necessary to place the next order. Over the years, there have been a few instances of fuel runouts, or the need to haul back fuel because too much was delivered, but these issues were probably due to circumstances beyond the operators control and the business didn't really seem to be affected.

At a non-retail fueling site, the operations manager knows and trusts his drivers (heck, he hired them!) and is confident that they will accurately write down on the log sheet the amount of fuel pumped into their company vehicles. The operations manager is also certain that when the gallon total is passed on to the accounting department it will be manually entered correctly into the company's

accounting system. But we're all human. With our extremely busy schedules, forgetting to write down a fueling transaction or transposing a number due to workday distractions can – and does – happen. And if there's ever a problem with the equipment, an alarm condition, or compliance issue, he contacts a local vendor to come out and fix the problem.

To the operations manager, his way may be "working," but, in reality, there are enough inefficiencies in this approach that it may be costing his company thousands of dollars a year in fuel, equipment maintenance, liability and compliance costs.

Additionally, the operator may be faced with financial losses due to extensive dispenser downtime or, in a worst-case scenario, an environmental disaster. These examples are just a portion of the operator's responsibility, but at the same time their cost can be significant. Furthermore, these costs are increased exponentially when managing multiple facilities in different geographic regions. Another consideration is bad publicity and subsequent injury to a company's reputation resulting from environmental issues. While the cost of these may not be easily measurable, ultimately they can be substantial in lost business.

Centralizing the management of daily operating functions creates greater success in management of multiple facilities. The answer to these concerns can be found in the technology that is driving today's advanced

automated Fuel Management Services. This white paper will highlight the myriad of challenges faced by modern-day fueling facility operators and the ways that proactive fuel-management services can increase peace of mind while reducing costs and mitigating risks at all types of fueling locations.

The Challenges

The No. 1 priority of any fueling-facility operator should be to know, at any moment, just how much product is in each of the site's storage tanks. Sticking tanks may still be popular with many companies, but the accuracy of this process is highly questionable, especially when compared with the new-age, computer-aided tank-gauging technology that is available in the market today,—technology that can measure and record product level to the tenth of an inch.

It goes without saying that fuel is the lifeblood of any business with fleets of vehicles, so why live with inaccurate inventory levels when technology has been developed with ultra-accurate inventory measurement in mind? As mentioned, the main fear concerning inventory is running out of fuel, which can disrupt an entire business. Less common, but still costly, is the haulback, that occurs when a misread inventory level leads to too much product being delivered with no place to store it. The result is having to return the left over fuel to the facility from which it came and store it until it can be used. The cost associated with not being able to accommodate all of the fuel being delivered is \$275 a day for storage at the rack and \$1.50 per mile traveled by the transport, fees that could quickly escalate for just one incident.

Another challenge at many fueling facilities is identifying exactly who will be responsible for monitoring and recording inventory levels. While many companies with fuel-storage-tank operations have a national footprint, the management overseeing those operations is typically regionalized, with the fuel-management segment of the business decentralized. This can often lead to a lack of coordination and communication between the respective parties, resulting in additional, often unnecessary or redundant reporting processes that can drain company resources, as well as open the company up to greater risks and liabilities.

The proper knowledge and experience in managing fueling operations is also becoming more and more important as strict compliance regulations are enforced. Federal, state and local authorities are becoming much more vigilant and their regulations are becoming increasingly complex with regard to release detection and reporting, spill prevention, corrosion protection, air quality, and the presence of hazardous substances at a fueling site.

Too many companies, however, do not place the right amount of focus on complying with these regulations. Again, compliance management often falls to someone who is not specifically trained in that area. These days, that inexperience can be costly. Fines for being out of compliance are increasing, and once a regulator sees a problem at one fueling site, the rest of a company's fuel storage tanks may come under increased scrutiny.

Service costs can also be a drain on a facility that does not have the most advanced fuel-management program in place. Many sites rely on a local service provider when any maintenance or alarm issues arise. Whenever an equipment breakdown occurs, the normal reaction is to call a local service technician while not knowing exactly what the problem is, or if it can be fixed in-house. This can lead to increased costs, especially if the call is made during off-hours or if the problem occurs at an out-of-the-way location. A speculative "something's not working" call most likely will lead to two service trips: the first for the technician to assess the problem and the second, so he can bring back the parts needed to fix it.



Another challenge in the area of service and maintenance is keeping an accurate record of when repairs occurred. Is there an identifiable trend in the repairs? What parts were replaced? Were the parts under warranty and what are the terms of any new warranties that may now be in place? Not being able to proactively identify recurring maintenance issues can result in increased costs brought on by needless service calls. Again, too often this tracking task is assigned to an employee who has no expertise in this area, or has 10 other job responsibilities that he or she considers to be more important. In fact, some companies don't even know which bucket maintenance costs go into from an accounting standpoint.

The Solution

This list of operational areas where a fuel-site manager may not have been on top of things can appear daunting—and could lead to the change we discussed earlier. But the new, technologically advanced fuel-management services that are available today have been designed for ease of use and understanding, with a wide array of benefits to the end-user. These systems can easily provide fueling-facility managers, owners, fuel buyers and fuel suppliers with an end-to-end fuel management solution. Centralizing the capture and storage of key fueling-site information. This is done through automated processes that are capable of ensuring that the end-user creates and maintains consistent site operations, with an end-goal of delivering maximized operational efficiencies and site profitability.

Let's take a closer look at five areas where an enhanced fuel-management system can pay additional dividends.

1. Automated Fuel Tracking

Automated fuel tracking allows real-time access to inventory levels and fueling habits at any time of the day or night for all of a company's fuel sites. It may sound simplistic, but fuel is the most important, most costly and most visible component at a fueling site. Why would a site operator do nothing more than take a "best guess" at how much fuel might be in his tanks at any one time, especially when that fuel costs upwards of \$3 or \$4 per gallon?

Automated fuel tracking provides a more accurate account of all of the fuel usage at a facility, and exactly where that fuel is going, which will decrease opportunities for theft. Some studies show that as much as 3% of a company's fuel budget is lost due to theft and that the majority of the of the time, this stolen fuel is pilfered by company employees.

Additionally, many sites store and dispense more than one type of fuel. A commercial site that serves a fleet of trucks will go through diesel at a rapid pace, but it may have a less-used gasoline pump for employee vehicles. Automated fuel tracking will enable the diesel and gasoline tanks to be monitored separately with their specific delivery requirements tracked independently. This allows fuel inventories to be kept at optimum levels and optimizes delivery schedules.

One final benefit of automated fuel tracking is that it gives the operator of multiple fueling sites visibility into every site at any time, 24/7/365. From a corporate standpoint, this also allows the activities at the fueling sites to be monitored from a central office, whether it be regionally or nationally.

There are a number of basic benefits available to the user of an automated fuel-management system, including:

Centralized fuel-site management.

Allows the site operator to manage all data from company fueling sites in one secure, Web-based platform.

Ability to focus on core competencies.

Simplifies the fuel-management process so that one person can be dedicated to handle all fuel-management responsibilities, which allows other employees to perform their normal duties.

Reduce unnecessary maintenance dispatches.

Delivers the ability to remotely diagnose, resolve and document alarm conditions.

Manage qualified maintenance contractors.

Allows creation of a contractor database that can be consulted whenever service, maintenance, compliance or alarm issues arise.

Analyze and resolve active alarms.

A key component for fueling sites that have alarm technology available on their fueling islands or tank gauges.

Reduce on-site time per call.

Allows for a better initial understanding of what a particular problem is, which can be communicated to the service provider before the service call is initiated.

Enhanced warranty management.

Audits invoices and lists in a database any equipment repairs or changes, which allows for more comprehensive tracking of warranties. Also alerts service providers of any warranties that may be active.

Review contractor invoices for accuracy.

Reduces billing errors.

24/7/365 remote monitoring.

Keeps an eye on the site's operations around the clock, rather than the single shift that the site manager may be working on-site.

Track annual testing and certification reports.

Provides accurate compilation and availability of compliance inspections and reports, which reduces potential liability risks.

Web-based compliance management.

Gives the site manager the ability to access a Web portal to review all site information (inventory, deliveries, service, alarm, compliance, invoices, etc.) any time of day from anywhere in the world.

2. Reduced Maintenance Costs

Maintenance issues cause headaches not only when a piece of equipment fails, but also when the maintenance issue needs to be documented. If this data is not accurately recorded, the site operator runs the risk of overpaying for a service call, or repeating service calls. Fuel-management services can let the operator know how much time the technician spent on-site, the technician's travel time and the time needed to actually complete the service, which is something that can be hard to track by an on-site manager or clerk.

3. Compliance Management

Automated fuel-management systems have been designed to track and update compliance data and incidents 24/7/365. Compliance management at commercial or industrial sites can be a lower priority, but automated management of this process increases its importance in the system without increasing the amount of employee interactions.

4. Alarm Management

Alarm management is traditionally a labor-intensive, manual job. Automated fuel management allows this difficult task to be outsourced to a company that can diagnose, solve and document alarm conditions immediately. These companies also have the capability, in many instances, to diagnose and solve alarm events remotely, which means that the system can be reset off-site without the need for a service call. Detecting an alarm event at the earliest possible point is essential to identifying a potential environmental risk and mitigating the costs that can be associated with environmental remediation.

5. Manage Contractor Database

Unless a site operator has a longstanding relationship with a service professional, they enter the unknown when site repairs or maintenance are needed. Rather than turning solely to the phone book, automated fuel-management systems allow a contractor database to be set up for the site, often by the company that is providing the fuel-management service. This ensures that contractors who don't have the ability—or even current or correct insurance—are not called for a particular job. It also means that contractors who are called to the site will have the right certification and training, and the right parts and equipment to perform the repairs when they arrive, reducing the need for costly second trips.

Conclusion

Fueling-site operators who are truly interested in proactively managing their fueling operations will quickly realize the cost benefits of an automated fuel management system that is equipped with an exception-based process for triaging alarms (diagnose, troubleshoot and repair). By reducing manual processes, unnecessary service calls, potential compliance penalties and many man-hours of unnecessary or inadequate manual work, automated fuel management can result in significant resource and administrative savings.

To that end, Ryder Fuel Services has designed its Fuel Management service component to be an integrated solution to manage all activities and data associated with purchasing, moving and storing fuel. This system of centralized computer-based fuel management can be a crucial piece in the optimization of supply-chain efficiencies and overall fuel-supply performance for fuel-site operators, large or small. All Ryder Fuel Services fuel-management systems offer the site operator the ability to communicate with major brands of automatic tank gauges, access a state-of-the-art Training Center and real-time communication with a 24/7 Service Support Center. Ryder Fuel Services has used this commitment to establishing and offering these "Best Management Practices" to help it retain 100% of its customers, who manage more than 2,000 fueling locations nationwide.

About Ryder Fuel Services

Ryder Fuel Services (Houston, TX) is a subsidiary of Ryder System, Inc., and a provider of fuel-management programs that focus on Compliance Management, Remote Monitoring and Alarm Management, Service Management, Fuel Management and Supply, and environmental Best Management Practices. These programs help Ryder Fuel Services customers, depending on their specific needs, improve operating efficiencies, reduce costs and minimize negative environmental impact.

To find out how Ryder Fuel Services can help you, please contact:

Peter J. Cochefski, Director of Sales & Marketing
(281) 647-6900 ext. 222
peter_cochefski@ryder.com



www.ryderfs.com

16155 Park Row, Ste. 140
Houston, TX 77084
281.647.8900