Humanitarian Organisations’ Struggle with Fleet Management

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Report – Inefficiencies in Fleet Management
Good practices exist in the sector

- UNICEF-UNDP-UNFPA PoC Vehicle Sharing showed that the number of vehicles can be reduced by a minimum of 10%
- ICRCs rigorous data collection and analysis to inform their fleet management
- Several INGOs investing in Fleet Management and Driver training
- UNHCR’s fleet sourcing and disposal method
But practices leading to inefficiencies also.....

“Organisation X operating costs 50% higher than peer organisations”
“Vehicle allocation not based on cost efficiency”
“40% of the fleet is over-aged”
“Staff are focused on dispatching vehicles, not cost controlling”

Source: Research Fleet Forum
The Size Of The Opportunity

USD 1.6 billion
estimated capital cost of IH fleet

50% of the fleet not optimised

Age of vehicle: 8-9 years

Source: INSEAD
Objective Of The Research

To uncover opportunities to improve service performance and achieve a better use of resources
Top 5 Most Observed Practices

- Lack of vehicle disposal planning to optimise residual value.
- Total Cost of Ownership (TCO) driven up by continuing to use vehicles that are over-aged.
- Larger fleet sizes than required to satisfy operational transport requirements.
- Poor data collection and analysis result in a lack of visibility of fleet performance.
- Duplication of efforts and resources due to lack of capacity and knowledge sharing.
Key findings

The strategic importance of fleet management is not recognised leading to fleet management being seen as ‘dispatching vehicles’ and not as an enabler.

Inadequate attention given to change management leading to missed opportunities for improvement.

Staff with low levels of expertise in fleet management are responsible for fleet leading to low expectation of the function.

The annual budget cycle and fund-driven procurement leads to non-integration of fleet management in programme design. Perverse incentives to spend money.

Decentralisation of fleet management leads to abandonment by HQ.
Potential solutions

• Tie fleet management to the strategic objectives of the organisation

• Embrace inter organisational collaboration on fleet management (for example shared fleets)

• Apply sound management principles to manage the fleet

• Employ diverse staff with a different skill set

• Be persistent in managing change

• A changed role for donors: remove current perverse incentives, insist upon collaboration and asset-sharing and redefine indicators for successful fleet management
Way Forward

Fleet Forum continues to support its members eliminating inefficiencies in fleet management through:

- Capacity building activities
- PoC Vehicle Sharing for NGOs (start soon)
- Advocating with Sr Management to include fleet management as a strategic enabler
- Invite donors to discuss how they can support the removal of practices leading to inefficiencies in humanitarian fleet management
Questions
Innovative Strategies for the Road Ahead

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