TOP 6 REASONS FOR USING A FUEL MANAGEMENT SYSTEM

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FREE EBOOK

WRITTEN BY
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TECHNOLOGY

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SYSTEMS

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INTRODUCTION

As an accountant or fleet manager for a business, you will understand that fuel forms a major part of any fleet company's operating cost.

Monitoring costs effectively and claiming tax for your fuel usage can become a major part of reducing your entire operating cost. However, this generally becomes an overwhelming task, especially if you are managing a large back to base fleet with multiple sites, such as commercial transport, civil construction, mining and municipalities.

This eBook will highlight the top six reasons for using a fuel management system (FMS).
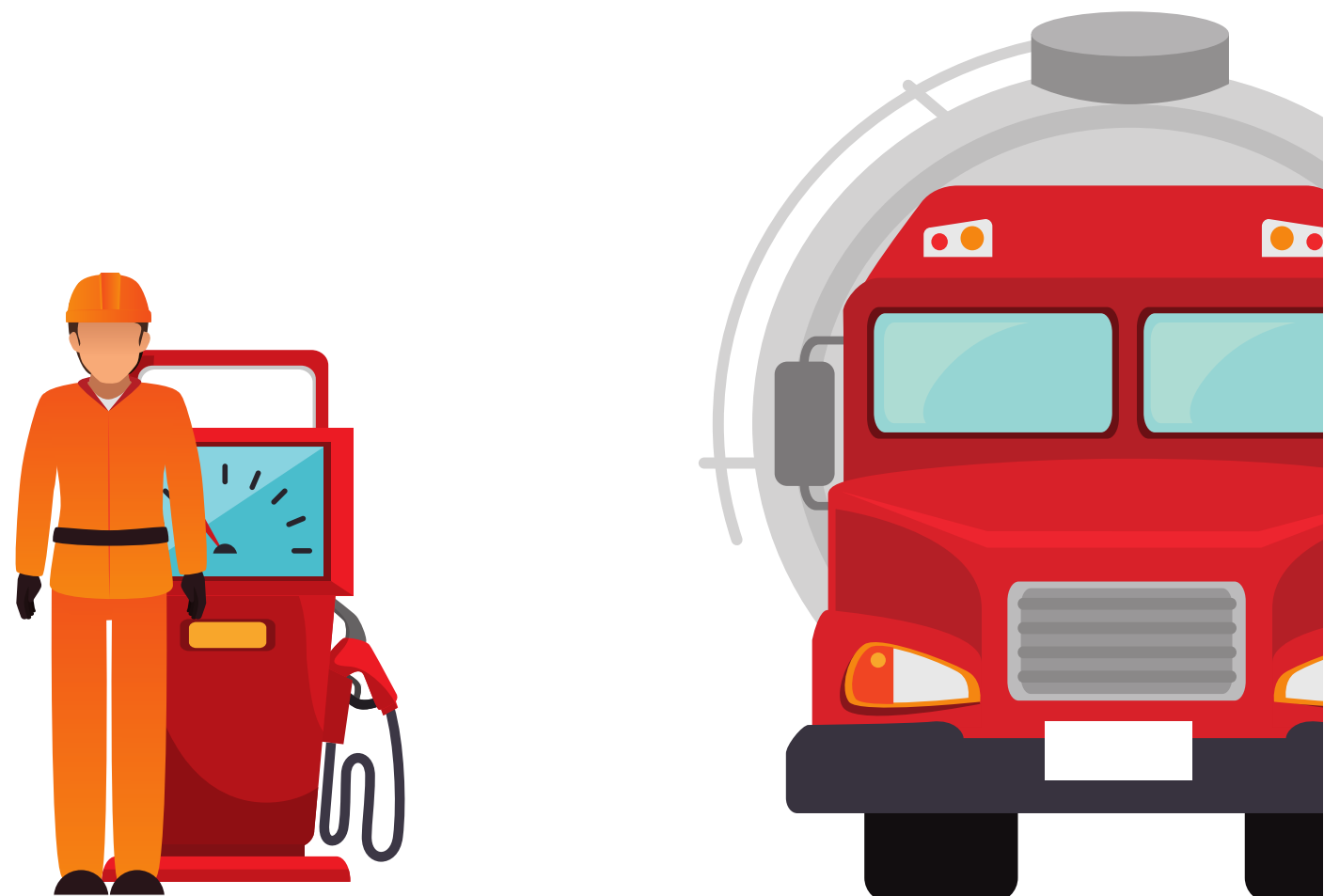
1.

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REDUCE HUMAN ERROR

THINK ABOUT THIS...

Fuel record keeping depends your driver's ability, motivation and commitment to recording fuel usage and on your administrator's ability to effectively put down fueling details that correspond to each vehicle without misreading or transposing numbers and miscounting figures. This is not just a problem for fuel but for any manual operation which needs to be recorded and accounted for. Even with the most organised system for filling receipts, someone still needs to do the work transposing them to a spreadsheet or your accounting system, allowing more room for error. These human errors make it difficult to accurately account for fuel use.

The solution is to create an automatic system. It needs to physically prevent drivers from filling up unless they engage the system and then measure what they use. This will obviously be some type of IT system and combined with a physical unit at the site.

The FMS can track the fuel consumption per vehicle through several means. This may include attaching some type of code which needs to be punched into the FMS or perhaps it is easier to use a swipe card or key tag (e.g. RFID) before the fuel will start to pump. A key tag, attached to the keys of the vehicle is generally preferable as you can't drive the vehicle without the keys and therefore you cannot forget to take the key tag.

Once the physical system is enabled, a system needs to track the data. Perhaps the best of these from an accountant's perspective is a cloud based system. This prevents you from having to physically approach the base station units to download data, e.g. with a USB drive. A cloud based option will automatically upload the data from wherever FMS is placed and ensures that reliable, up to date data from the unit is always available. A physical unit combined with an effective (preferably cloud based) system will reduce or eliminate all the human error.

2.

SAVE TIME

THINK ABOUT THIS...

Paperwork! You start by reading the drivers writing, asking them to complete information they have missed, calling, waiting for a call back, getting them to think of their cost sheet, remember what it was and why it all happened - what a nightmare! Yet this is always what needs to happen with a manual system. Not only does this lead to inaccurate data but it is at an enormous time cost. Does anyone really enjoy doing this?

Time means money and if you have one or more people who spend half their week following up drivers for more accurate information on their fuel usage, you are spending a great deal of money on a rather mind numbing, time consuming yet necessary task.

An automatic system is also the best solution here.

Once the physical system is enabled at the pump, a system can then track the data. To save even more time, use a cloud based system which means you don't have to physically approach the units to download data. A cloud based system will automatically upload the data from wherever the FMS is placed and ensures that reliable, up to date data from the unit is always available.

Consider the cost of one person manually tracking fuel costs over two days per week. An automated FMS could reduce this to almost zero.

3.

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REPORT TIMING

THINK ABOUT THIS...

When are your month end reports due? Do you have accurate fuel usage information available for these reports? If you have a manual system the answer is generally no. By the time your people have transposed the information, followed up on the missing or incomplete (illegible) information and then figured out why the numbers do not add up, you are generally getting your fuel information two to four weeks after the end of the month. What if there is a fuel overrun at one location? Is it too late to do something about it weeks after it has happened? How much money has been lost in the process?

A cloud based FMS with automatic uploads from FMS units is the only way to solve this problem. Some systems will even provide you with alerts if your fuel usage varies by too much, allowing you to get on top of problems quickly.

4.

CLAIM ALL YOUR REBATES

REMEMBER THIS...

It is not so much about saving cost on fuel, or being accurate for accuracy's sake but claiming for tax. If you miss out on claiming 2,000 litres of diesel a week, that's 8,000 a month and 104,000 per year. At 0.41 cents per litre that's over $40,000 per year you are missing out on. This would pay for four fuel management systems in the first year alone! Over ten years that's over $400,000 or one new Ferrari Spider series.
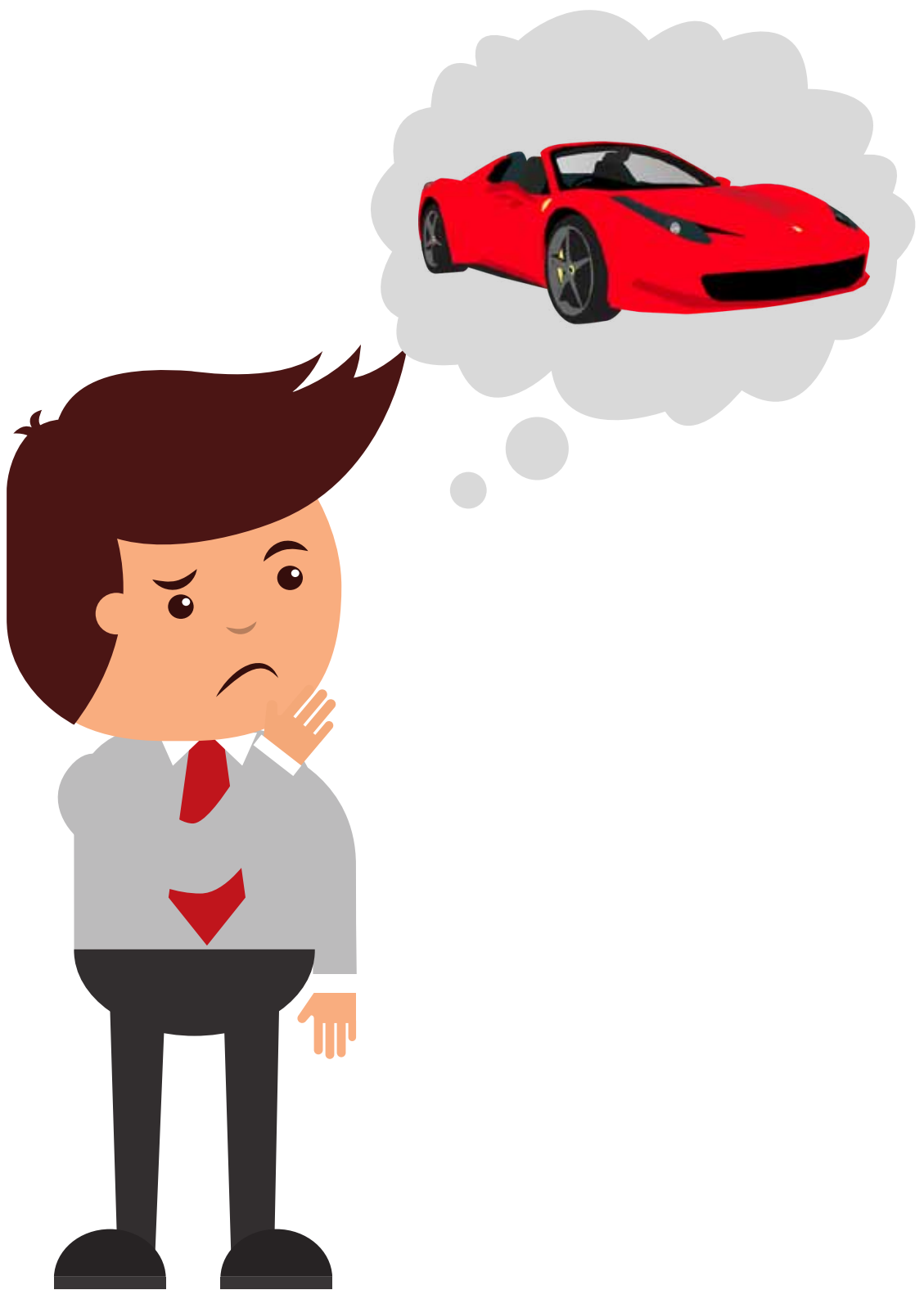
5.

REDUCE INFORMATION OVERLOAD

The remedy of course is an effective reporting system which enables you to access the key information quickly and easily. Setting specific key performance indicators (KPI's) and then monitoring those KPI's becomes a major task for any FMS to achieve. One of the interesting issues that is always faced by the providers of FMS, is how to arrange the information to write an effective report. The problem is that everyone reports slightly different information in a slightly different way. Therefore, you either make a bespoke report for each transport company or create software which can be changed by the transport company themselves. This is where the benefit of effectively written cloud based option is important.

Taking software designed for a PC and simply putting that in the cloud does not work effectively as you still need to create bespoke reports per user. Through using a system designed within the cloud (web 2.0) environment and designed to be flexible on the cloud you can solve this problem. This is perhaps the biggest difference between FMS available in the market today. Some are designed to be flexible, working within the cloud so that you can create whatever report is needed yourself and others are not designed for the cloud and therefore lack any true flexibility or reliability.
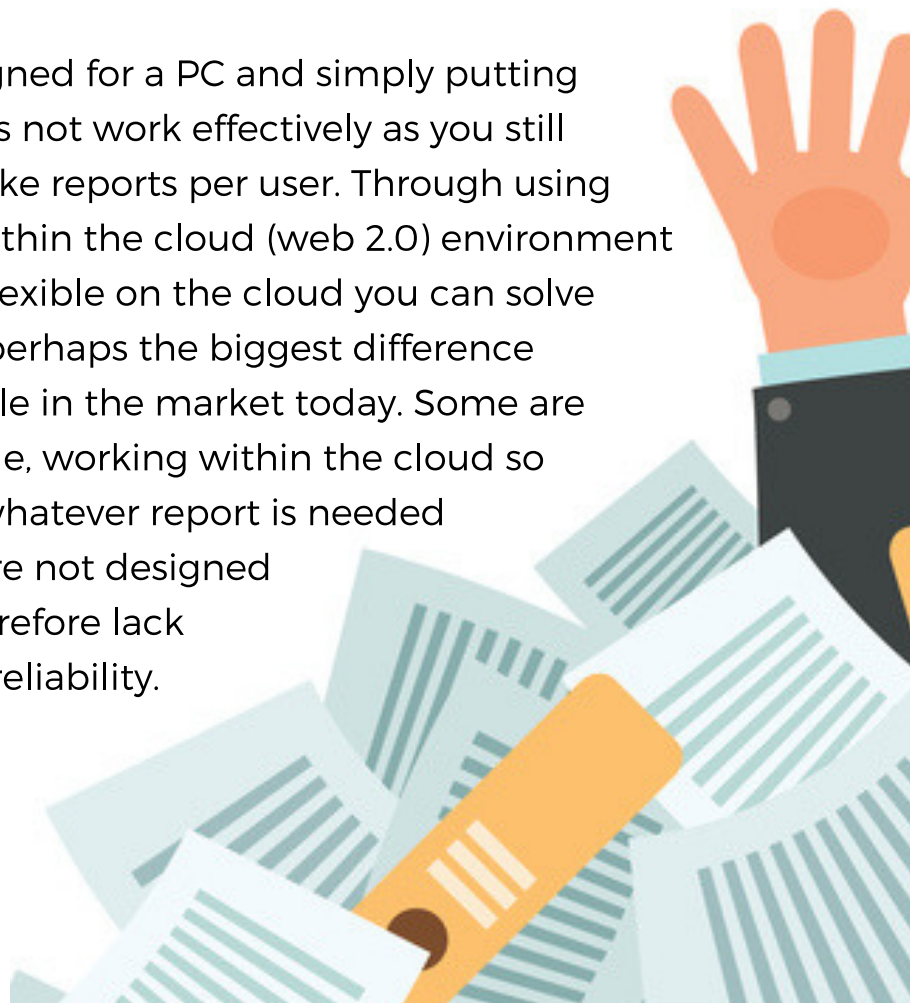
6.

REDUCE UNAUTHORISED FUEL LOSES

THINK ABOUT THIS...

Pilfering fuel at the pump by employees, contractors and others is a concerning issue at some sites. Where it is easy to just drive your own vehicle up to a pump and pump fuel you are providing the opening for fuel to be pilfered. Fuel theft and unauthorised fuel purchases could be hurting your business more than you realise. You invest a lot of trust in your drivers, though unfortunately some of them may not reward that trust with responsible behaviour. If someone is motivated enough to steal fuel then they will likely find a way to do it but you can at least make it more difficult for them and ensure that you can track where and when it is happening.

There are a range of measures you can take to minimise fuel pilfering provided by a FMS. This includes:

- Tracking every vehicle and every driver, so you know how much fuel is used and when.
- Access to fuel can be restricted by driver PIN, keys (RFID tags) (or a combination).
- Vehicle and/or driver access to fuel can also be restricted by preselected times (such as 9am to 5pm) and/or volume (such as a maximum of 500 litres a day).

A typical FMS tracks how much fuel has been taken and by whom, when, what type and more.

SMARTFILL GEN 2

WHY SMARTFILL GEN 2?

A good example of a FMS is the SmartFill Gen 2. This cloud based technology provides automated fuel records and eliminates human error associated with hand written log sheets. This is critical in industries where extensive amounts of fuel is used by multiple team members, such as in trucking, civil construction, mining and municipalities. Tracking is no longer a problem, and you can gather much more detailed information about fueling and each vehicle's performance and status.

Fuel accounting, reconciliation and fuel reporting for tax becomes a very quick and streamlined process with easily accessible fuel management reports. This enables you to determine month end profit and helps to minimise loses. You can also act on issues quicker, for example, when there is a cost blow out, rather than trying to resolve the issue six weeks after the cost blowout occurred.

Fluid Management Technology's SmartFill GEN 2 will make your operations easier to account for fuel use and reliable data is always available online.

HOW TO GET STARTED

Contact Liquip Victoria, authorised National Australian Distributor of SmartFill Gen 2 for more information or product purchasing.

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