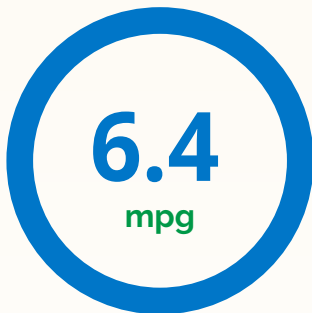


# Rightsizing Equipment and Fleets for Logistics and Shipper Companies

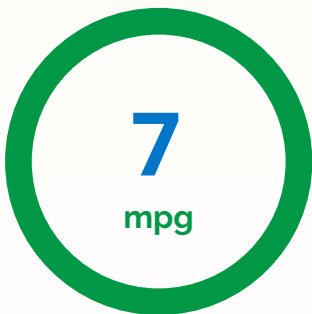
## A Glance at Clean Freight Strategies

### FUEL SAVINGS

This strategy often involves downsizing vehicles. Downsizing from a class 7 truck to a class 6 truck improves fuel efficiency by 9% on average.



average fuel economy of a class 7 truck



average fuel economy of a class 6 truck



fuel efficiency gains and emission reductions from downsizing from a class 7 to a class 6 truck




*Rightsizing refers to the fleet management practice of ensuring that the right vehicles are used for a specific task. Rightsizing for third-party logistics providers (3PLs) consists of two elements: matching the load with the vehicle (rightsizing equipment) and matching all of the 3PL's freight vehicles with the business needs of the 3PL (rightsizing the fleet). This strategy is applicable to any 3PL with a vehicle fleet and equipment of various sizes, models, and capabilities.*

### WHAT IS THE CHALLENGE?

Some 3PLs may work with carriers that use a "one-size-fits-all" approach for their fleet; that is, the carrier uses one type of truck for many different types of shipments. While this strategy may be the simplest, it is often inefficient, leading to partially empty loads or oversized fleets. Instead, 3PLs can help carriers match vehicles to the appropriate task.

### WHAT IS THE SOLUTION?

To match orders and vehicles, 3PLs can consider the following information:

-  **Vehicle specifications.** Size, capacity, fuel efficiency, and environmental performance of the vehicles.
-  **Shipment needs.** Volume of the load, handling requirements, time frame.
-  **Labor availability.** Driver qualifications and availability.

Telematics, or integrated systems that can communicate information among a fleet of vehicles, can help 3PLs build a comprehensive understanding of vehicle utilization and needs. This data helps keep human biases out of rightsizing strategies, maintaining an emphasis on productivity and efficiency. Telematics supports both short-term decisions about rightsizing for current orders and longer-term investments in vehicles that match the needs of the 3PL.

In the long term, 3PLs can consider this strategy when purchasing new vehicles. By analyzing previous shipping patterns, 3PLs can select vehicles that will help meet future needs. 3PLs can also replace older vehicles with vehicles that are lighter, have more efficient engines, and/or run on alternative fuel, which can increase efficiency and lower costs, and reduce emissions in the long term. 3PLs can also consider innovative strategies for maintaining optimal fleet size, including motor pools and equipment sharing contracts.

### COSTS

In order to implement a data-driven approach to rightsizing, 3PLs may need to invest in data and telematics technology. Additionally, over time, this strategy may involve changing the type and size of vehicles in the fleet. There may also be costs associated with maintaining a fleet of various vehicle sizes.

Using this strategy alongside the order consolidation and reduced order frequency strategies can help minimize these costs.

# \$70,000

average price  
difference between  
class 7 and class 8  
trucks



### SAVINGS AND BENEFITS

This strategy can help companies save on vehicle costs and fuel, in addition to other efficiency gains:



**Vehicle savings.** This strategy often involves minimizing the number of large vehicles, keeping just enough to meet maximum capacity. The costs savings can be substantial. In 2020, a class 8 truck costs an average of \$145,000, compared to \$75,000 for a class 7 truck.



**Fuel savings, emissions benefits.** Smaller, more lightweight vehicles are not only typically cheaper, but also burn less fuel and generate fewer emissions. Class 6 trucks have 9% better fuel economy than class 7 trucks, on average. One snack producer used this strategy and transitioned from class 6 trucks to class 5 trucks for urban grocery store deliveries, saving approximately 10% on fuel costs.



**Other efficiency gains.** Telematics software can also help 3PLs design the most efficient routes and schedules, generating further fuel savings.

## NEXT STEPS

# 1

Assess the existing fleet capacity, shipping needs, and labor availability.

# 2

Determine if there are opportunities to use the existing fleet more efficiently. For instance, a 3PL might find that medium-sized vehicles are always used for food deliveries, when some of those shipments could fit into smaller available vehicles.

# 3

In the long term, 3PLs can make smarter vehicle purchases by focusing on matching vehicle specifications to future needs. Telematics can provide data to assist with this process. 3PLs can also consider motor pools and equipment-sharing contracts to further optimize fleet size.