



Insourcing vs. Outsourcing Fleet Repairs: A Comprehensive Guide for Fleet Managers

Running a business with a fleet requires you to wear many hats at once. Scheduling drivers, routing trips, managing fuel costs, and monitoring safety are all time-consuming. However, managing repairs and maintenance is one of the most crucial aspects of your job. Deciding whether to do these repairs in-house or to outsource can help you make the most of your time while keeping vehicles on the road. These two options both have their own sets of benefits and drawbacks. It's important to understand both options so you can make the most informed decision.

When you have a fleet, you can choose to either have your own shop, repair team, and logistics team for your vehicles or outsource repairs and service entirely to an outside shop. Knowing which one of these is going to be best for your particular business can be tough if you don't know how they stack up. In the following sections, we'll break down the pros and cons of each option.





Insourcing Fleet Repairs and Maintenance

Insourcing fleet repairs and maintenance is one way to keep your vehicles in the best possible condition at all times. This means that you're handling all the repairs and services in-house with your own team and equipment. If you have the means to do so, this could be a good way to keep everything under one roof and maintain the kind of quality control you want for your vehicles. However, it generally is a big investment and it may not be right for every fleet.

Downsides of Insourcing:

Equipment Investment

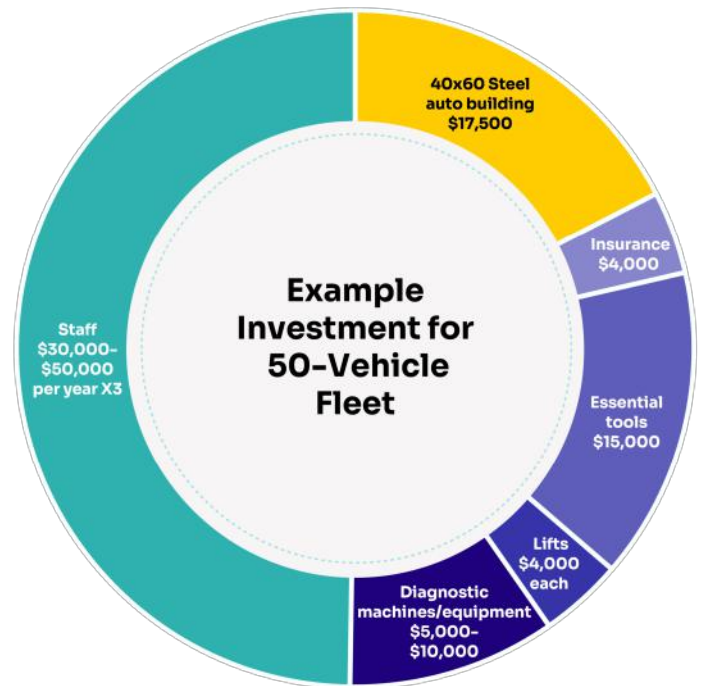
The initial investment of getting your business set up for insourced fleet repairs and maintenance can be too high for most businesses. This is especially true if you don't have a physical shop on-site already. It can be well over \$100,000 just for the first year of running an on-site shop, which may or may not be worth it depending on the size of your fleet. For example, if you are operating with fewer than fifty vehicles, it will take several years to recoup the expense of the operations in repair costs.

Staffing and Training

On top of hiring and paying the staff that will be performing your fleet repairs and maintenance, you also have to train them. Your business has its own protocols and systems in place and making sure that your entire crew is operating within that structure is essential. Taking the time for hiring, training, and setting up a new team might exceed your time allowance. You will need to further expand your team to manage and train the various employees responsible for repairs, leading to a substantial increase in overhead expenses.

Need for Expertise

Depending on your business, the vehicles you are using might not be standard cars or trucks. If you own a fleet of diesel trucks, for example, you will need to have specialized diesel mechanics on staff. The same goes for a fleet of hybrid or electric vehicles. Finding this kind of particular talent for your staff will be more expensive and much more difficult. When you outsource, though, you can bring your vehicles to a shop that is already trained and focused on the particular repair niche that you need.



1. 40x60 Steel Auto Building - \$17,500
2. Insurance - \$ 4,000 per year
3. Essential tools - \$15,000
4. Lifts (installed) - \$ 4,000 each
5. Diagnostic machines/equipment - \$5,000 - \$10,000
6. Staff - \$30,000 - \$50,000 per year X3

Total:
\$135,500 - \$200,000
for the first year



Benefits of Insourcing:

On-Demand Repairs

Perhaps the biggest benefit of insourcing your fleet maintenance and repairs is being able to get started on repairs immediately. When you take your vehicles to an outside service provider, there is the possibility of delays due to the need to transport the vehicle or if shops do not have immediate availability. Having your own shop on-site means you can get the service you need right away and prevent downtime as much as possible. That being said, this is dependent on your repair team having the same level of expertise and efficiency that an outside shop has. Additionally, not all outside shops have wait times, especially if you work with them regularly.

Quality Control

Another benefit of insourcing fleet repairs and maintenance is the fact that you will have a closer eye on quality control. Knowing exactly what is happening with every vehicle and having a staff of technicians on hand to make repairs can be a major source of comfort and confidence in the work being done. Plus, you can monitor every procedure and get first-hand experience with all repairs. However, fleet managers who insource generally have a quality assurance manager, which does increase overhead costs. Insourcing could be a good option if you want to be more hands-on with your vehicle repairs and if have resources available to manage technicians.

Outsourcing Fleet Repairs and Maintenance

For most fleet managers, outsourcing repairs and maintenance will be a simple and more cost-effective option. Offloading operations to an external shop doesn't require nearly as much of a capital investment. Knowing the benefits and drawbacks of outsourcing your fleet repairs will help you decide if it is the right move.

Downsides of Outsourcing:

Low Flexibility

When you work with an outside fleet repair and maintenance company, they may not have the flexibility you need when scheduling service. This can be especially difficult if you are working on an automated system that schedules service as soon as it is needed. Working with a repair service that is integrated with your telematics system and can make your business a priority is a great way to skirt this issue and make sure that you get your vehicles in for repair and maintenance on your particular schedule. This helps prevent delays when taking your vehicles in for service and keeps them on the road longer.

Quality Assurance

No matter how good the shop that does your fleet repairs and maintenance, you will have lower visibility into quality control. You will not be able to get an under the hood look at the repairs being done. Low-quality repairs can lead to much more headache and cost down the road. For example, a brake service without the proper torque specs or lubrication on parts can lead to premature wear, causing you to pay for another brake service sooner than expected. Or worse, low-quality repairs can lead to safety issues for your drivers. If outsourcing, you'll want to set up a clear process for assessing quality with your shop to ensure you are getting the highest quality repairs.



Sample Fleet Maintenance Cost Per Vehicle Per Year

Preventive Maintenance (Oil Changes, Filter Changes, Etc.)	\$500 - \$1,000
Non-Routine Repairs	\$500 - \$1,500
Tire Replacement and Repair	\$500 - \$1,000
Transmission Maintenance	\$200 - \$600
Suspension Maintenance	\$500 - \$1,500
Electrical System Maintenance	\$200 - \$600

Total: \$2,400 - \$6,200 per year

Benefits of Outsourcing:

Cost Savings

When you are trying to decide what the best course of action is for your business, it's important to consider the complete cost. While it may seem like having your own shop means you can get lower-cost repairs and maintenance, the initial investment can be so large that outsourcing will generally provide better profitability. Even if you have a large fleet that needs consistent repairs and maintenance, the total cost savings of outsourcing will make it the best bet for most fleet managers and owners.

As-Needed Service

When you own your repair and maintenance shop for your fleet, you face the very real possibility that there will be downtime. Odds are, your vehicles won't need constant maintenance and service, which means you could be spending thousands on keeping a shop staffed that might not even be at capacity. When you outsource your fleet repair and maintenance, you can get as-needed services and only spend money on repairs when needed. This is one of the things that makes outsourcing cheaper overall, not to mention easier to manage.

Low Initial Capital Investment

Working with an outside fleet repair and maintenance provider requires almost no initial investment to start. While a tow truck may be necessary for bringing broken-down vehicles to the shop, every other cost will be on a case-by-case basis. This means that if you have a year that is very light on fleet repairs and mechanical issues, you won't be losing any money on an up-front investment in your fleet maintenance system. This makes outsourcing a good option, especially for smaller fleets with minimal repair needs.

Access to Niche Experts

Your vehicles have many different components and when something goes wrong with one, you want the best people you can find to work on it. When you outsource your maintenance, you can hire specialized mechanics who have expertise in the problem area. Whether you are having an issue with the steering and suspension or something in the electrical system, outsourcing your service allows you to find technicians that focus on the components in need of attention. Insourcing doesn't give you this same range of experience, so you may end up having to outsource anyway when a complex repair is needed.



How to Decide if Insourcing or Outsourcing is Right for Your Business

Before you can truly decide whether insourcing or outsourcing is going to be right for your fleet, you need to take a good look at your business and its needs. Every operation is different and no one can tell you what the right move is without having a complete understanding of the full picture. Knowing what to take into consideration when deciding if insourcing or outsourcing is right for you will help you choose wisely and get the most for your investment.

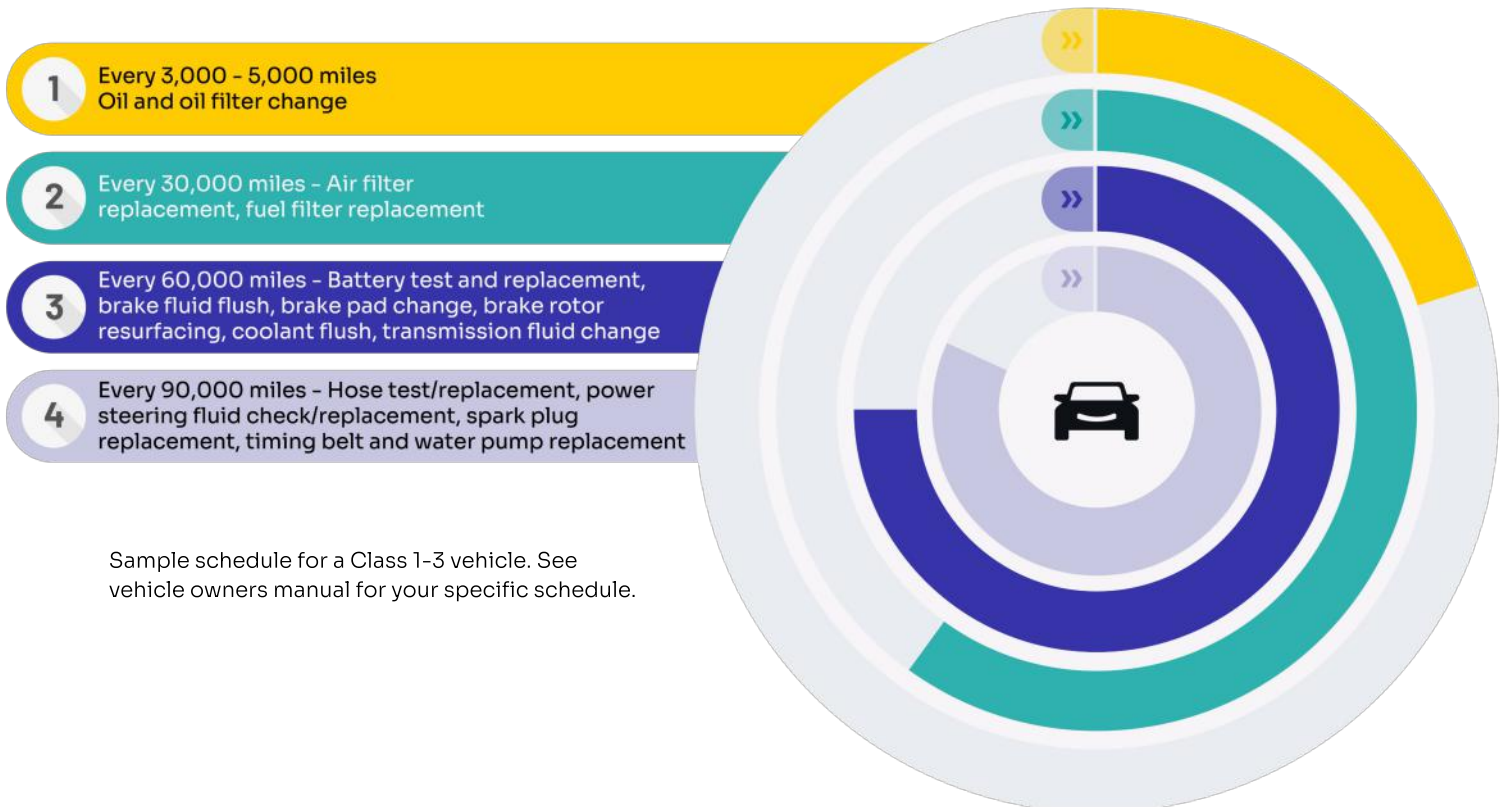
Size of Fleet

The size of your fleet will be the number one consideration when choosing between insourcing and outsourcing for your service and maintenance. For a fleet that is on the smaller side, investing in a whole shop and staff to do in-house repairs and upkeep is not going to give you much in the way of a return. Most vehicles only need major maintenance every 30K, 60K, and 90K miles. This means that even if you have upwards of a dozen vehicles, they will not need service often enough to justify the cost and time investment of an insourced service system with fixed costs.

Staffing Budget

It is one thing to put together a service shop for your fleet but it is quite another to keep it staffed with experienced, professional technicians. If your staffing budget isn't huge, you may be better off directing it toward drivers and other areas of your business. The average salary for an experienced mechanic in the U.S. is between \$30,000 and \$50,000 per year and if this money is better spent elsewhere, it will probably be a more solid investment in the long run.

Vehicle Maintenance Schedule



Sample schedule for a Class 1-3 vehicle. See vehicle owners manual for your specific schedule.



Viability of the Investment

Whenever you make a decision for your business, you need to think about the overall viability and return that you can expect. Your fleet is part of the ecosystem for the entire business and investing in your fleet will impact your business's bottom line for years to come. Accurately forecasting fleet acquisition and disposal, and predicting associated repair needs will give you a clearer understanding of your fleet's profitability. While this is no easy task and requires input from various stakeholders, it will help you make a more informed decisions about your fleet, especially when it comes to repairs and maintenance.

Risk Management Capabilities

Opening up a shop presents a lot of new responsibilities and protocols that need to be in place. Risk management is a huge consideration in any kind of trade but especially with something like auto repair and service. On top of having safety systems in place, you will also need to have comprehensive insurance to protect your employees and your business. If your current management team does not have the expertise to effectively manage risk, you could be opening yourself up to all kinds of issues and exposure.

What to Look for in an Outsourced Fleet Repair and Maintenance Provider

If you have decided that outsourcing your fleet repair and maintenance is the best option for you, the most important thing is to find the right provider. If you can find the best possible shop with high-quality technicians on staff, many of the downsides of outsourcing won't be a problem. Knowing what to look for in a fleet repair and maintenance provider, you can save money on the initial investment while still getting the best possible service.



Repair Cycle Times

When something goes wrong with one of your vehicles or it has to go into the shop for maintenance, getting it back in use as quickly as possible is crucial. Any amount of time spent without a vehicle will cost you more money at the shop and reduce revenue. Finding a shop that has a proven track record for fast cycle time is one of the best things you can do for your business.

Specialization

Depending on the type of vehicles you use for your business, you may need some level of specialization when it comes time for them to be serviced. If you use diesel or electric vehicles, it is very important that the shop you go to is well-versed in those specific areas. Specialization is the key to getting outstanding service for your vehicles and working with the right people is the best way to keep your vehicles on the road and keep serving your clients well.



Quality Customer Service and Communication

If you manage a fleet of vehicles, you know how important communication is. The outsourced shop that you work with needs to have excellent communication skills and customer service. With these attributes, you will have the same level of control and quality assurance that you would get with an in-house shop. If your outsourced provider views your business as a partner and responds quickly when you need them, you can get your vehicles back on the road as soon as possible so you can serve your customers.

Good Safety Record

One of the most important things to look for in a fleet repair and maintenance provider is a good safety record. If a shop can look out for its employees and technicians, they will also be looking out for their customers. Look for shops that are certified, insured, and then ask about their general safety record before you decide they will be right for your fleet service needs. This will not only help you find the most reputable shops but will also ensure that your vehicles are being serviced responsibly and professionally.

Get All of The Insourced Benefits by Outsourcing to ServiceUp

For most fleet managers and owners, outsourcing their fleet repairs and maintenance is going to be the ideal option. Finding the right shop to work with is an essential part of this process and ServiceUp is here to help. With ServiceUp, you'll decrease repair cycle times for your vehicles and get them back on the road generating revenue for your business. ServiceUp's unique technology and network of repair providers give you the benefits of an insourced repair team without the headache or capital costs. Best of all, ServiceUp will pick up and deliver your vehicles right back to your office or worksite, saving you time and hassle coordinating vehicle logistics.

With one easy-to-use dashboard to help you manage your maintenance, collision, and mechanical repair needs and seamless integration with a major fleet management system, it has never been easier to get your vehicles repaired by qualified, experienced technicians. Whether you need simple oil changes or collision and bodywork, ServiceUp will take care of everything and help you maximize your vehicle uptime. Request a demo today to find out how ServiceUp can help your business thrive!

[Request a Demo](#)

