

# RiskTopics

## Managing a telematic strategy – beyond the technology

It's easy to think of vehicle telematics as a "silver bullet" that may solve fleet operational and safety issues. However, just like any other worthwhile change, management oversight and commitment is needed to help companies see the desired results.

### Introduction

An increasing number of companies are making the decision to use telematics technology in their vehicles to help reduce crashes, improve operational efficiencies, and lessen their environmental impact. For companies that are considering such technology, as well as those that have already adopted it, getting the best results may take as much management "art" as it does "science."

### Discussion

Data obtained from event recorders, cameras, gps/telematics, cellular communication, and on-board computers can provide a huge quantity of information about where a vehicle is located and how it is being driven. That's great. Your company made an investment to install this powerful technology on its vehicles. Case closed. Let the data flow and let the savings and operational efficiencies begin! – Not so fast. It's easy to think of vehicle telematics as a "silver bullet" that may solve fleet operational and safety issues. However, just like many other worthwhile changes, management oversight and commitment is needed to help companies see the desired results. Results come from obtaining, managing and acting on good data. Depending on the technology used, there can be an immediate reduction in unsafe behaviors and sometimes even collision frequency. As an employer, it may be easy to relax and assume "the system is working." However, without a robust management system that complements the technology, improvements may be short-lived and old habits return.

### Guidance

Risk Engineering representatives have watched companies significantly improve their fleet safety programs with the use of telematics. Additionally, we have worked closely with a number of telematics service providers who provided examples of successful uses of this technology. However, each of these instances has a common theme – they include an ongoing management commitment to a cultural change – NOT just installation of telematics equipment.

### **Example 1: Beverage bottler**

A leading beverage bottler combined a large-scale outreach approach with targeted coaching when it implemented a telematics solution in order to improve safety, reduce fuel consumption and reduce crash costs. In addition to the telematics equipment, the bottler was provided with best practices and a step-by-step roadmap to help implement the service. Employee training sessions explained telematics and its effect on driver safety. This was followed by one-on-one coaching sessions with at-risk drivers, focusing on speeding, harsh braking, lane handling and aggressive turning. The bottler also offered ride-alongs for drivers to ask questions about the technology and obtain suggestions as to how to avoid specific risky maneuvers.

The approach helped the bottler realize significant improvements in safety and a corresponding reduction in costs. In the year following implementation, the company realized an 8.8% savings in fuel and additionally estimated that crash reductions amounted to a combined annual savings of \$1,250 per vehicle.

### **Example 2: Transportation logistics firm**

A leading US logistics company realized the benefit of understanding and improving drivers' behaviors BEFORE they resulted in crashes or other safety problems. They used a telematics tool that scored a driver's behavior to identify riskier drivers in the group. When managers zeroed in on a particular driver with the poorest safety scores, they came up with a hypothesis: that the driver's behavior changed depending on whether the driver's truck was full or empty. The driver's manager scheduled a ride-along to provide counseling on risky driving behaviors and noticed that the driving did, in fact, change markedly based on the load – driving with a truck full of combustible fuel made the driver very aware of the potential danger posed by a collision. When the truck was empty, the driver was more likely to leave less following distance and push lights at intersections. The manager advised the driver to drive as though the truck was full all the time. With the support of the in-vehicle feedback coaching about the safety of maneuvers, within a week, the driver's safety score improved by 70%.

In this example we see how knowledge about a driver's specific behaviors can make the coaching process more effective. Having a strategy and using the information provided by the telematics equipment can help make a significant difference for long-term improvements.

Management commitment, cultural change and employee buy-in are elements that can help ensure a successful implementation of a telematics solution. Empowering employees by making information and self-improvement tools available is also critical for success, but the buy-in by employees, and the ultimate results the organization seeks, may not happen unless the employees see strong commitment and support from management.

Employees must see that the monitoring can specifically benefit them, and that it is not primarily a trigger for punitive action. They should understand that the main reason for using telematics is to improve safety for the drivers, and safety for others on the road.

Other potential benefits – such as lower collision, fuel, and maintenance costs – can help make for a healthier bottom line for a company. Particularly in today’s competitive environment, the financial health of a company resonates with employees at all levels, and can be a strong motivating force.

Keep in mind that, while the technology is nice, the real benefit comes from the insights and actions derived from it. If a driver is performing hard braking or following too closely on a regular basis, but management does not identify this from analyzing the telematics’ data, the driver may continue to perform these potentially risky driving behaviors and may be a candidate for a future crash. This may also open the employer up to “negligent entrustment” should an incident occur. For more information, please see Zurich’s risk topic on “negligent entrustment.”

As such, if your company has made, or is considering making, the investment in telematics technology, be sure to adopt management approaches that can help make these tools more effective, such as:

- Have a comprehensive written plan for the implementation, monitoring and analysis of the telematics units and the data collected.
- Assign someone to oversee the program which includes but is not limited to policy creation/review, training of drivers and supervisors, review of data, etc.
- Establish goals for driving performance and identify the tracking indicators that will be used to determine if goals have been met. Tracking indicators may include;
  - Speeding
  - Harsh braking
  - Rapid acceleration
  - Extended hour of service
  - Safety belt use
- Regularly review and analyze the data with drivers, supervisors and other affected employees
- Evaluate behaviors that you want to encourage and consistently communicate those to your drivers
- Recognize drivers who are exhibiting good behaviors and counsel those who exhibit risky behavior to help them to improve.
- Be sure to document any discussions and/or actions whether verbal or written. See Exhibit “A” for a Driver intervention record form that can be used for this purpose.

## Conclusion

The cost of implementing vehicle telematics continues to decrease and is now accessible to fleets of virtually any size. There are a wide range of capabilities for these systems, but even many of the simplest ones can help to identify potentially risky driving behaviors that result in excessive hard braking and rapid acceleration which are indicators of distracted driving.

With proper planning and support, you can use this powerful technology, and the data it provides, to help take your company's fleet safety program to the next level.

## References

Jim Breitreitz. "Beyond Technology". Insights - Telematics and Fleet Risk Management. 2010 issue: 30-33. Print.

# Appendices

## Appendix A

Driver intervention record	
Indicate the intervention type:	
<input type="checkbox"/> Verbal	
<input type="checkbox"/> Written/training	
<input type="checkbox"/> Revocation of driving privileges	
Intervention and action plan	
Part one: Employee	
Employee's action plan to resolve the noted safety issue. Specifically, the plan must be filled out by you and state what you intend to do to prevent future occurrences	
<hr/>	
Part two: Supervisor	
Supervisor's action plan to resolve the noted safety issue. Specifically, the plan must be filled out by the manager and state what the manager intends to provide for the employee (e.g. training, information, etc.)	
<hr/>	
Certification	
Employee:	Date:
Supervisor:	Date:

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