

How to Know When to Replace a Fleet Vehicle

Whether you lease or purchase your vehicles, there is an optimal cycling point that will reward you with the highest return and the lowest total lifecycle cost on that vehicle. Timing this replacement is essential, in fleet planning, to gaining your highest return on investment.

By closely monitoring current market conditions and vehicle utilization, you can establish the optimal **vehicle lifecycle** point.

Key factors in determining when you replace a vehicle should include miles driven, age of the vehicle, usage of the vehicle, and the time of year. This should be done on a vehicle by vehicle basis, and should remain a flexible decision based on vehicle type.



Current market conditions play a significant role in vehicle replacement timing. Spring & Fall market values can play a large part in the decision, based on the type of vehicle you have in service. Spring markets are often great turn periods for sedans and vans, while fall markets are often the optimal time to cycle SUVs. Due to demand in the vehicle marketplace, your highest residual values should occur during these time periods, but need to be monitored before a final decision has been made.

As vehicles age, **maintenance and repair** costs tend to increase. Tracking your maintenance spend by vehicle is another important element in determining the optimal cycle point.

This method of timing your vehicle replacements is referred to as economic life cycling. That is when the vehicle costs align or overlap with current market values to find the vehicle in an equity position, and before repair costs begin to increase. By incorporating economic life cycling into your vehicle planning, **you may be able to operate a newer vehicle fleet for less money.**

Determining the optimal cycle point, and the appropriate time to acquire or remarket a vehicle, can be a complicated undertaking. The many factors involved lead to a difficult calculation which includes total cost of ownership, current market values, and economic lifecycles; all while using benchmarking to assist in the decision.

Ewald Fleet Solutions differentiates itself from many fleet management companies that impose an off the shelf cookie cutter vehicle cycle plan. We develop a plan to match lifecycle with our customer's preferences, actual usage, and business philosophy. Ewald Fleet Solutions also remains interactive with our customer to review how the plan continues to align with variable factors such as market value and change in use. This results in no surprises for our customers and better control of expenses.