



TRUCKS & TRAILERS
RENTAL & LEASE

Hire Thinking

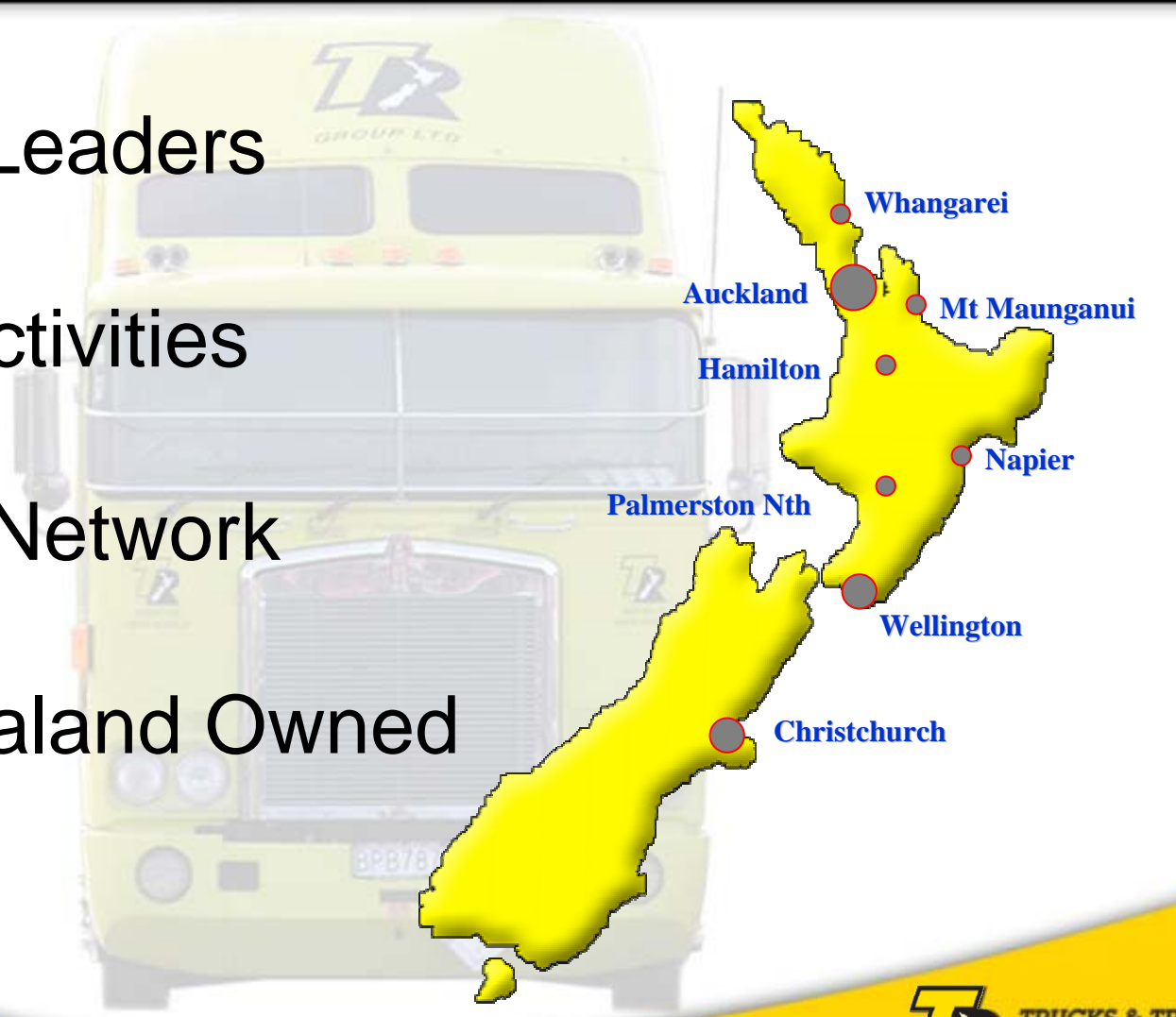
What do TR Group do?

 Market Leaders

 Other Activities

 Branch Network

 New Zealand Owned



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Hire Thinking

About our fleet

- TR Size and composition
- TR Contract hire and leased vehicles
- TR Short term hire vehicles
- TR Maintenance cost and responsibility is TR Groups
- TR Reasons that clients hire



How do we deal with maintenance?

 The team we have



 Software

 0800 number

 Technology



 Relationships

 Don't cut corners



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Hire Thinking

TR Group maintenance goals and philosophy

Part of our vision statement identifies an overall company objective to constantly improve the value that we offer to customers, year on year on year.



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TR Group maintenance goals and philosophy

- 🔧 For maintenance of vehicles to be a key part of delivering a constantly improving value package to customers



TR Group maintenance goals and philosophy

-  We view our vehicle maintenance function as part of a larger service package to our customers,
 - meaning that we have to communicate with them,
 - perform for them,
 - be prepared to live or die on our ability to meet
 - and exceed their expectations

-  We fully incorporate the vehicle operating issues and, in particular, cost and consequential cost of vehicle downtime into our fleet maintenance decision making and management



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TR Group maintenance goals and philosophy

- T** To clearly identify and measure vehicle cost per kilometre,
 - including the costs of managing maintenance,
 - processing the maintenance related transactions
 - and vehicle downtime
- T** To continuously reduce the cost per kilometre to maintain vehicles, however this serves as a subset of the total cost per kilometre to operate vehicles.



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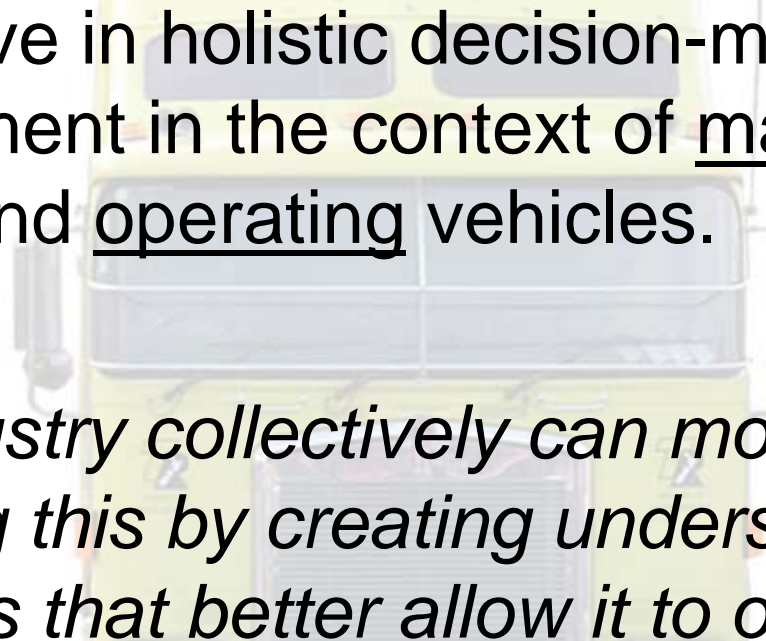
Hire Thinking

TR Group maintenance goals and philosophy


- 72 We see strong common and overlapping interests in the
 - ownership of a vehicle,
 - maintenance of a vehicle
 - and operation of a vehicle
 - Separating these raises room for conflicts of interest
- 72 Maintenance decision-making must be holistic and made in the context of overall prudent vehicle management
- 72 Ultimately our goal is the best Maintained fleet in the world



VISION NUMBER 1

- 
- TR** We believe in holistic decision-making and management in the context of maintaining, owning and operating vehicles.
 - TR** *The industry collectively can move closer to achieving this by creating understandings and structures that better allow it to occur.*

VISION NUMBER 2



- 
- TR** We see a new paradigm for delivering value from our service providers to us.
 - TR** *Helping suppliers deliver better value to us is key to us delivering value to our customers.*





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VISION NUMBER 1

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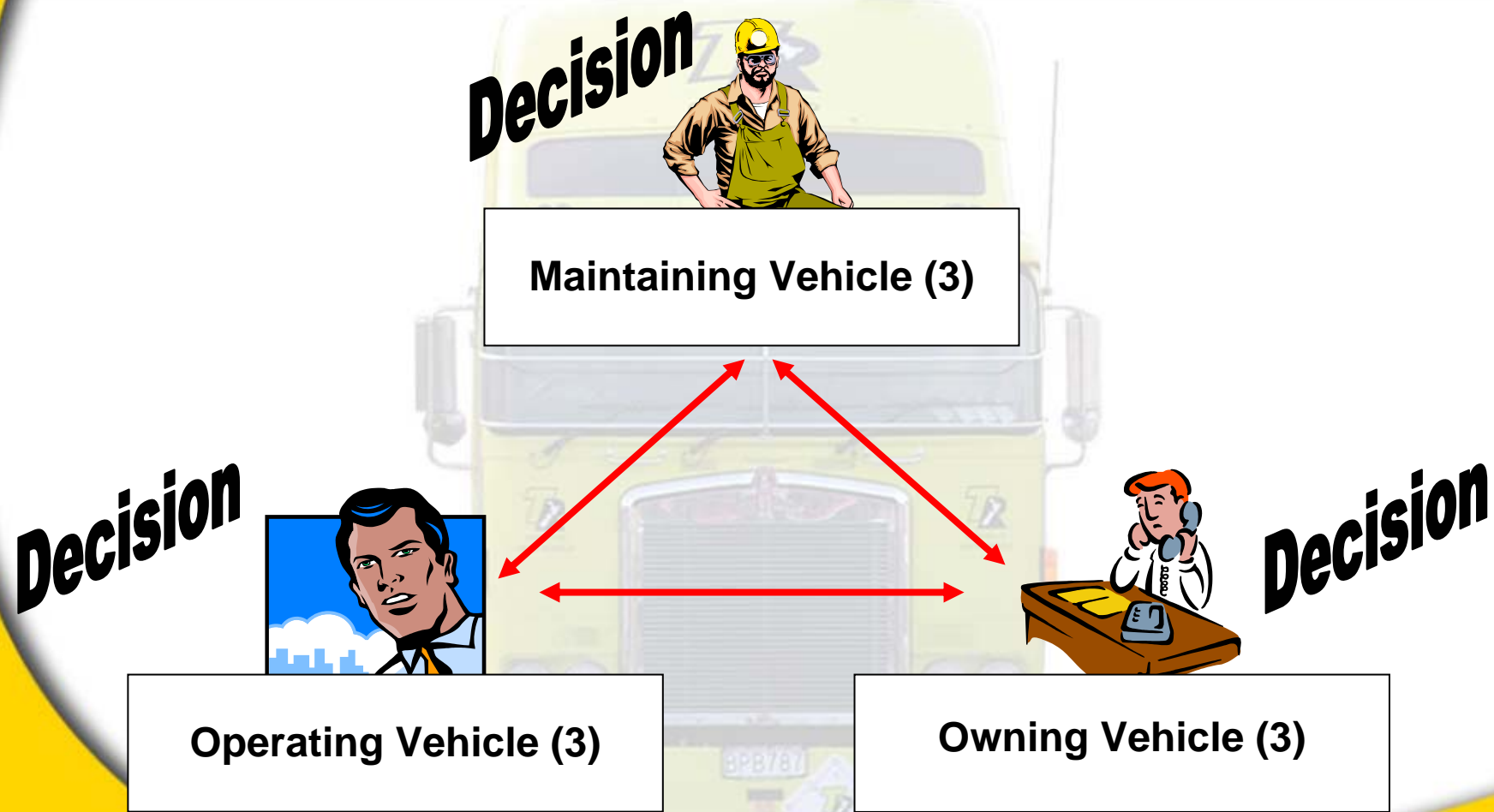
-  The conflict between maintaining and owning a vehicle
-  The conflict between maintaining and operating a vehicle



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Hire Thinking

VISION NUMBER 1



VISION NUMBER 1

Decision



Maintaining Vehicle (3)

T The benefit equation...

T $3 \times 3 \times 3 = 27$

T $2 \times 3 \times 4 = 24$

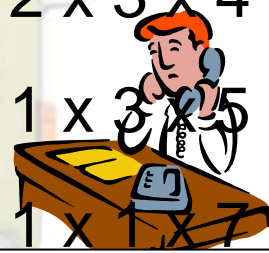
T $1 \times 3 \times 5 = 15$

T $1 \times 1 \times 7 = 7$

Decision



Operating Vehicle (3)



Decision


Owning Vehicle (3)

VISION NUMBER 1

Decision



**Maintaining Vehicle
Operating Vehicle
Owning Vehicle**

 How TR accommodates this vision and resolve these conflicts in our decision making






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VISION NUMBER 2

-  We see a new paradigm for delivering value from our service providers to us.
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Lets start with a true story...

-  A client of TR's approaches us 3 years into a 5-year operating lease contract on 3 vehicles
-  They have had enough of the vehicles and their poor performance
-  It is eventually agreed to replace the vehicles with new ones at a total cost of \$450 000







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VISION NUMBER 2

-  We see a new paradigm for delivering value from our service providers to us.
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The post mortem reveals the following things:

-  The vehicles have not been in for service and repair as often as they should
-  There has been considerable downtime, costing the client several tens of thousands of dollars
-  The relationship between the client and the repair workshop is very poor
-  The vehicles are actually fine, but the mindset of the client and loss of confidence in them is not retrievable



VISION NUMBER 2

- T** We see a new paradigm for delivering value from our service providers to us.
- T** *Helping suppliers deliver better value to us is key to us delivering value to our customers*

T In summary:

T maintenance

T operating

T ownership


} interests are working against each other




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How will TR look to lead this change?


1  The first step is to better inform our service providers as to what is going on when a vehicle of ours arrives at their doorstep


 Eg- Current situation –

 guy bringing in a truck for a service is either the owner or an employee of the owner of the truck

 Call them customer X

 Workshops did what was asked of them by customer X






 When a service was complete they invoiced customer X and the job was complete

 Naturally relationships were built over time and a comfortable modus operandi developed







How will TR look to lead this change?

1 *In future – new mindset*

-  This vehicle is on a fully maintained hire contract. The client has chosen to do this because they get benefits from the arrangement
-  In order for TR Group to deliver value to this client they must attain certain standards with respect to the vehicles management and maintenance
-  TR Group have a choice with maintenance as to whether they outsource this critical component of the hire or not. They have chosen to and today this significant responsibility rests on my shoulders
-  What can I do on behalf of TR Group, my employer at this moment in time, to help this customer feel value and satisfaction?
-  What would a member of TR do if they were here right now?

How will TR look to lead this change?


- 2**  The second step is to encourage the value equation ahead of the price equation
-  If workshops can deliver more value then they can charge accordingly, earning more profit while saving clients money
-  The key here is how does one identify value and crystallise it
-  Until such time as you can measure it – it is all fancy talk and empty words





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How will TR look to lead this change?

 TR's decision would be easy – we would grab it like a shot. The math's for us is simple:

Either:

-  Accept the status quo of \$450 000 invested prematurely, plus damaged relationship with client, plus the clients downtime expense, or
-  Pay several thousand dollars in extra service charges plus some additional work on the vehicles

*Welcome to
Haere mai ki*

 **TRAILER RENTAL
TRUCK RENTALS**
GROUP LTD

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How will TR look to lead this change?

The bottom line is:

- TR Would you rather pay for 100 hours at \$45,
- TR Or 25 hours at \$90? Both to get the same result!
- TR At \$45 you get a “fix what broke” service
- TR At \$90 you need a new sort of communicator, analyzer, leader and person with rounded skill set



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How will TR look to lead this change?

The outcome is:

- ✔ Lower maintenance cost for the owner
- ✔ Happier operator with less downtime
- ✔ More profitable workshop
- ✔ This is a good example of “less is more”. Doing a few less ‘right’ things can be more productive than doing a lot of ‘wrong things’
- ✔ Shared responsibility for change



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To conclude:

- 72 We live or die based on our performance in our customers eyes
- 72 Our focus is to continuously create and add value to our customers year on year. In other words, give more for less
- 72 Some of what we give our customers is 'bought in' from maintenance providers. Our customers are not interested in that, they have an agreement with TR Group
- 72 This is a source of potential problems or great opportunities depending on how you view it



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Live Thinking

To conclude:

- 🚛 If we can help our maintenance providers to deliver better value to us, then we also achieve our goals for our customers
- 🚛 These are our visions for the future and the areas that we would like to work with the service industry on
- 🚛 It focus's on changing peoples behaviour.
- 🚛 Until such time as you achieve this then the gains and improvements are just talk



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Fire Thinking



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Hire Thinking