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Businesses lean on technology to cut gas usage



Ivar Vankemenade, owner of Fibrenew Chicago NW franchise, uses an app to get the best price on gas.

By Ann Meyer

Fibrenew franchise owner Ivar Vankemenade has lessened the brunt of the recent spike in gas prices by relying on technology to help him shave pennies here and there.

His Global Positioning System diverts him around traffic jams en route to repair leather upholstery on-site for customers, while an app tells him which station has the lowest prices. Vankemenade will stop before his gas meter falls to empty when a customer call puts him in the vicinity of cheap gas. “I use technology to my advantage,” he said.

This week, Vankemenade found gas for a relative bargain in Villa Park at \$4.39 a gallon. That meant a tank cost about \$75, up from less than \$60 a year ago.

But ultimately, he plans to pass on some of the higher energy costs to customers. That’s just business, he

said. "It would be impossible for any business to stay afloat if expenses rise in any business area if they're not passed on to the customer," he said.

Record prices

Prices at the pump hit a record \$4.67 a gallon in Chicago this week, according to the [Chicago Sun-Times](#), leaving few businesses exempt from the sting of higher costs in a weak economy. To weather it, some are moving to more energy-efficient vehicles, while others are tapping employees to be more energy-conscious or using technology to help in the cause.

Randy Moon, franchise owner of AdvantaClean of DuPage County in Naperville, has set a goal of chopping \$100 to \$200 a week off the company's budget by reducing energy use by 10 percent to 15 percent. He plans to do it by working smarter and has encouraged employees to come up with ideas. "It's amazing...when you get a bunch of people thinking about it," he said. For example, the company took an employee's suggestion to stock up on supplies online instead of running to the supply house frequently.

Moon also swears by the franchise's centralized call center, which books jobs using the most direct travel route, so the company's cleaning technicians aren't driving back and forth from one job to the next.

Tracking drivers

Increasingly, companies are taking advantage of GPS capabilities to monitor employees behavior on the road. It can make bottom-line sense, though it sometimes feels uncomfortably Big Brother-like.

"It's all about savings," said Michael Sanfratello, owner of Alsip-based Advanced Wiring Solutions, which installs and maintains structured cabling for telecommunications and alarm systems. The company, which had revenue of \$4.2 million in 2010, employs 32 workers, including 26 field technicians.

One upside: Tracking drivers via GPS screens at headquarters and via smart phones has largely eliminated personal use of company vehicles during non-work hours and the gas consumption that goes with it, Sanfratello said. Vehicle tracking also has reduced speeding, which cuts fuel efficiency, while improving the company's routing and dispatching of drivers.

Fleet-tracking systems certainly aren't new but, with gas prices stuck near record levels, their value is becoming more apparent to small-business owners in a variety of fields.

On the map

Embarque Chicago, a unit of Washington, D.C.-based Carey International Inc., has equipped its fleet of chauffeur-driven Toyota Camry hybrids with GPS tracking, said Lou Tessier, vice president in charge of fleets at Carey International. The company turned to the tracking devices to improve routing and cut down on extra trips to pick up passengers, but a bonus is the ability to monitor drivers' speeds and whereabouts, Tessier said. "All of those things add up to helping us control gas costs and better serve our customers," he said.

High gas prices are pumping up demand for GPS tracking systems. New York-based ABI Research forecasts subscription revenue for fleet management systems in the United States will hit \$2.47 billion by 2016, up from \$1.38 billion in 2010. Subscription fees range from \$29 to \$55 a month. In addition, some systems require upfront purchase of the tracking devices, while others include the cost of a monthly lease in the subscription fee. U.S. Fleet's best-selling model sells for \$349. In addition, count on \$20 to \$100 in installation cost.

Commercial Tire Services in Melrose Park has used a GPS tracking system designed by Glenview-based Navman Wireless Holdings to monitor 20 trucks that make service calls to replace and repair customers' truck tires on the road. By compressing routes, keeping tabs on how fast drivers are traveling, and monitoring whether they're wasting gas with excessive idling, the company estimates it trimmed its gas bills by about \$3,000 a month, or 12 percent to 15 percent during the last gas price spike a year ago. "You

have to squeeze what you can,” said service manager John Pavia, who noted that rising oil prices also impact the cost of the tires the company sells.

Tracking services provide tools to monitor vehicle speed, idle time and maintenance needs, said Tzau Jin “T. J.” Chung, president and CEO of Navman. The company, which employs 280 workers worldwide, has devices in some 135,000 vehicles.

No wrong turns

Chung pointed to other benefits of GPS systems: They help drivers avoid wrong turns — another drain on time and fuel — and a Navman accessory also allows for two-way messaging between fleet vehicles and the home office, allowing for better time management. Customers often need to reschedule and jobs can take longer than planned. “All that can mess up the schedule for the day,” Chung noted.

Even so, he acknowledged that some workers chafe at being monitored. “It is almost an invasion of privacy,” he said.

Pavia has run into that problem at Commercial Tire. “It’s, ‘Oh, you don’t think I’m doing a good job,’” he said of staffers’ misgivings. But he said workers get over their initial reluctance when they see data that shows fleet-tracking is improving the company’s profitability, which ultimately puts money in their wallets. “At a time when companies are laying people off, we’re trying to keep people employed,” Pavia said. “We’re trying to maximize our savings, and one of our largest expenses is fuel.”

Editor’s note: Parts of this story previously ran in *Crain’s Chicago Business*. L3C Chicago, L3C retains the copyright.

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