



## **Optimize Your Fleet Size with Pinpoint Accuracy!**

*A conversation with Grace Appleton, Vice President of Business Development for North America for BISHOP Fleet Optimization*

**Fleet managers are constantly charged with the task of making sure that their fleet is right-sized. How did BISHOP Fleet Optimization come about, and what is their solution?**

BISHOP Fleet Optimization started back in 2000. The owner, Derrick Bishop, found that there was a large unmet need in the fleet industry for a service that could accurately optimize vehicle fleet sizes. Fleet managers were frustrated with mileage standards, trip counts, staff-to-vehicle ratio, and other so-called “benchmarks” that involve unrealistic assumption generation and often have little correlation to actual business use.

More recently, the vehicle allocation methodology [VAM] has been thrust upon Federal agencies. Each of these methods completely ignores critical fleet sizing decision factors such as vehicle destination, route selection, and the key factor: the number of vehicles simultaneously absent from a site at one time.

Vehicle logbook data should have been an ideal option, but it was often flawed so staff simply did not believe audit findings based on this data that typically had omitted or falsified data. Audits often resulted in few, if any, vehicles being eliminated and at times animosity was generated between staff and management.

Audits using GPS data was the obvious way forward. The problem was that no off-the-shelf technology was available and the GPS pricing models did not meet the market need. A 5-week utilization snapshot had been industry best practice for many years, so insisting that clients purchase the GPS equipment and then pay monthly ongoing charges for a year made no sense for this typically cash-strapped market segment. A new option was required to fill this gap.

In response, BISHOP Fleet Optimization developed the world’s first GPS data logger designed for the fleet right-size market. The GPS is, in effect, “rented” for 5-weeks so there is no need to purchase the equipment. Pricing models overnight made GPS audits affordable. The service launched in New Zealand in 2008, expanded into Australia and after much success there we are now launching in the North American market.

**Tell us exactly how it works.**

BISHOP Fleet Optimization offers a unique fleet consulting service that gathers GPS utilization data before making an optimal fleet size assessment. Collecting a 5-week utilization snapshot means

organizations can now optimize their fleets with pinpoint accuracy. All the assumptions that other proxy approaches use are no longer required.

The prominent rebuttals from staff come when fleet cuts are implemented and typically include “your data is wrong” and “people will die.” GPS is now the one data source that staff trusts so these responses are no longer encountered. BISHOP Fleet Optimization operates in some of the most complex sectors such as health, where you just have to get the numbers right.

Our GPS units are locked into the fleet vehicle’s 12V sockets for a 5-week period to get a utilization snapshot. People often ask why 5-weeks? The fact is that we see the same usage patterns occurring throughout the year. It is only the magnitude of those patterns that tend to change and we have client verified methods to adjust for this. You will see that vehicles follow similar daily, weekly and monthly usage patterns, so a 5-week snapshot provides all the data you need. The marginal knowledge gain for a second month of data collection is almost zero and this has been proven time and time again. We do not recommend installation of permanent GPS units for fleet utilization audit work for that reason. Simply work out the 3 year ROI and the decision becomes easy. Given this evidence, the GPS rental approach works well and meets fleet manager needs...and budgets!

We charge a low daily GPS rental rate plus our consulting fee. It is a very cost effective way to take a look at exactly where your fleet is going and how many vehicles are in use at any given time. I would say one of the most powerful analysis outputs is our Concurrent Usage Report. You can see exactly how many vehicles are in use at the same time on any given day over the 5-weeks. Most managers use this graph to sell changes in vehicle numbers to their staff. It is extremely simple yet compelling.

We often smile when we see fleet audits of say 7,000 vehicles publishing their success when 42 [0.6%] vehicles were eliminated. Our clients will normally reduce the same number of vehicles from a 200 vehicle fleet. The difference is like night and day.

### **Can you give us an example of an agency that has used this?**

Yes, we have performed audits in Australia and New Zealand. In New Zealand, we audited 17 out of 21 District Health Boards [DHB]. The total vehicle count was over 3,000 vehicles. BISHOP Fleet Optimization GPS loggers gathered data that ultimately found surplus vehicle counts ranging between 14% and 37% with a 21% average. All the vehicles were moving so previously it had been hard to measure activity.

The nationwide DHB audits occurred after one DHB had previously hired a consulting firm to use the VAM methodology to optimize its fleet size. The consultant used mileages, trip counts and interviews to recommend downsizing opportunities. The CEO read the report and then threw it out. He was not prepared to confront his management team and staff with a report that could not be defended. The DHB subsequently employed BISHOP Fleet Optimization and we saved 52 vehicles (25%) from one of their 209 vehicle fleets. The client was happy with the results and they now do an audit every three years employing our technology and methodologies.

BISHOP Fleet Optimization was then hired by the other DHBs to find savings. We have had similar successes in Australia as well. The service launch in North America in 2012 is generating a lot of interest. Organizations are looking for new innovations to save money and this new fleet audit option is

an industry game-changer.

### **Can you tell us what the return on investment was?**

Oh yes, in most cases the companies are getting a 20 to 1 return on their consulting investment. That is a great return for any company. Some companies struggle to believe the return so we refer them on to our existing clients who all rave about the service. The savings are real and easy to achieve. We have had examples of companies saving two and three million dollars because they do not need to replace their surplus vehicles next procurement cycle. Owned vehicles can generate cash quickly when they are remarketed. Imagine the impact of eliminating 50 vehicles. You immediately save any ongoing replacement cost and the associated insurance, title, maintenance, and parking space costs for each vehicle plus much more.

### **What concerns have you heard from fleet managers when you brought this to them?**

Fleet managers have been inundated with companies coming to them with the latest GPS solutions that use the expensive “purchase the GPS then pay monthly” styled pricing model. The good news is that our business model is different. BISHOP Fleet Optimization realized early on that fleet managers have constrained budgets. Our GPS data loggers are rented on a daily rate plus a modest fixed set up charge. The model meets the utilization snapshot short duration audit requirements and we can keep the prices low by recycling our equipment to other projects. It is a win-win for everyone.

Our goal is to ensure organizations get an audit once every 3 years rather than trying sign a client to pay a fee every month indefinitely. Clients get quality results each audit so clients return to use us again next time an audit is due.

Our pricing uses an all-inclusive model that covers of all data collection, travel and the consulting costs with no ongoing charges. The pricing model makes GPS audits affordable and is a breath of fresh air to the industry.

It can be difficult for potential clients to find the right option out there. Organizations are exposed to a GPS marketing frenzy that is happening globally. Many are just resellers with little or no fleet consulting experience. We do our best to get the word out there about our unique service among all of this GPS marketing clutter. The faster that people can spread the word that our new option is available the better. It will save so many organizations from making the mistakes that many others have made when trying to optimize fleet operations.

### **Selling change in an organization can sometimes be difficult. Let's talk about this.**

Fleet managers generally need to sell an audit proposal to their General Managers and C-level Executives. The CFO is always a good place to start depending on the type of company. BISHOP Fleet Optimization has developed a 3.5 minute video especially to help sell this change upstairs. The Federal agencies are different again. The White House has mandated that they must reduce their fleet sizes by December 2015. Options like ours are giving them the data and the facts that they need to make the right decisions in choosing the right number of vehicles.

Change also needs to be sold to the department managers and their staff once an audit is complete. We have invested a lot of time to understand what a fleet manager needs from a change management perspective to implement the findings. This includes behavioral science and an awareness of what an organization needs to operate well. Our GPS data is always received as factual. There is just no credibility when you use mileage records and log books.

Mileage records simply tell you the miles driven on a vehicle. You don't know what it was used for, you don't know where it went, you aren't sure about how many vehicles were in use at the same time [i.e. concurrent use]. You just know that fifty miles were put on the vehicle and you don't know if the driver was going for lunch or if they were on a work related trip. Log books have high levels of inaccuracy. Drivers forget to fill in the trip details. Some handwriting is illegible while others falsify the data. Basing a fleet decision and the organization performance on such a flimsy data platform is just asking for trouble.

The new VAM methodology is based on mileage records and trip counts. Architects of the approach admit that the interview component is used to convince staff that they have been consulted. In reality, these interviews can be highly subjective and fool nobody. When you have GPS data, you know exactly where a vehicle went, what time of day it was used, whether the trip route was efficiently planned, whether it was out overnight and many more utilization factors.

### **Grace, how are the drivers accepting this?**

Drivers are very accepting of the audits because, again, we only put the GPS in for 5-weeks. We are not monitoring their daily activities each and every day, year after year. Staff and their unions are OK with the audits because they understand that employers do have a right to optimize their asset levels to remain competitive. Competitiveness provides job security and that is important these days. We are not monitoring the driver in real time which also adds a level of comfort. So, unions are happy with our results and with our methodology. The process is very transparent so the drivers understand the process and to be honest, most drivers tend to forget the GPS is there even though it is right there in front of them with a green light on.

### **What types of fleets would benefit from this most?**

It really is better for larger sized fleets. Fleets with 300 or more vehicles tend to get the largest returns. We can install many thousands of these loggers at any given time. The minimum size we recommend is 50 vehicles in a single location. Smaller fleets tend to have a much better idea of what they are already doing and/or it is small enough to manage internally. We are not really good with fleets such as taxis and delivery companies like UPS who already have very integrated GPS and logistics software of their own.

Our audits are really for the fleets where large groups of vehicles operate in a region and opportunities exist to aggregate them into centralized local motor pools. Federal, State, County and Municipal fleets tend to get great benefits from an audit as do Community-based Care or similar operations.

Our clients get a clear understanding of how their fleet is being used, vehicle destinations and it is often the first time an organization has seen where their vehicles travel. It is often a real eye-opener and a must-do project to do for any organization that wants to be at the top of their game or simply needs to find a way to make savings with no loss of service delivery capability.

***Grace Appleton is the Vice President of Business Development for North America for BISHOP Fleet Optimization. The former GMAC SmartAuction and Fleet Lease Disposals executive brings more than 20 years of Automotive industry and IT innovation experience to the company. Grace excels in the areas of fleet information systems and sales and marketing***

**[Grace Appleton](#)**