



## **Forklift Fleet Cost Management So Many Questions, So Little Time, So Many Savings**

Written By Michael Gary

When was the last time each of your forklifts were PM'ed? Was the PM completed on time and was it completed effectively? What is the best PM interval for each of your individual forklifts? Is your fleet OSHA compliant? When was the last time your operators received certified training? How many times does each of your forklifts require service? How many of those repairs have a direct link to a PM not being completed on time or correctly? What types of repairs are being affected to each of your forklifts and do any of those repairs fall into a parts or labor warranty? Did the amount of labor billed equate to the actual repair completed? How many of those repairs are repeat repairs? What does each of your forklifts cost to operate each hour and how does that cost compare to national and regional averages? How does each of your service provider's technicians perform and which are doing the best work based on your companies needs? Are you being charged the best rate for parts and how does your cost compare to the list price? When wheels are replaced on your forklifts is the best poly wheel for your warehouse application being installed or is that wheel replaced with whatever wheel is in the technicians van at the time? What replacement parts should be OEM and what parts should be aftermarket to help reduce your overall parts costs? When is any of your existing fleet costing you more to operate than the cost of a new unit? What terms and costs can be negotiated with your service provider when writing a service contract? What are each of your forklifts worth on the open market and what are the best and most effective ways to sell them when the time is right...When is the time right?...

The questions and the costs are abundant, the answers and cost control can be quite illusive.

With such a large array of questions, where do the accurate answers come from? Most companies will have a very difficult time providing accurate answers to this myriad of questions. Yet, the accurate answer to these questions can mean the difference between tens of thousands and hundreds of thousands of dollars each year. Where does all this quantifiable data come from and who has the time, expertise and processes in place to not only capture the data but properly analyze it? Enter into the world of material handling fleet cost management, today's answer to reducing your fleets' costs and improving your fleets' performance.

Today's top flight material handling fleet cost management consulting firm is armed with two imperative aspects; deeply seasoned analysts and intensely designed software. Fact is it takes both of these elements, strategically implemented and combined, to produce the intense level of scrutiny, control and data acquisition required to generate outstanding results at affordable fees.

What you should expect and demand of your material handling fleet cost management firm is two fold.

One is that they become your advocate. That they audit each and every repair that is affected to your fleet and that they communicate directly with your service provider, bringing any and all invoicing disputes to an equitable conclusion. The final resolution needs to align the accurate costs with a fair representation for the service provider.

Labor hours, parts, travel, freight and miscellaneous costs all need to be discussed and agreed to with one sole goal, the proper costs for the proper service.

The second is providing your company with accurate, quantifiable data. This data must then be compiled into a succinct and viable set of reports which provide exacting information on which outstanding business decisions can be made and exacting fleet efficiency recommendations are derived. The information must be compiled so that each and every decision hails from numerical exactness and not from conjecture or from the experiences found in an alternative application. Every recommendation must be specific to that client's fleet performance as well as their application requirements and be completely derived from the specific data produced and analyzed.

An average management company can be compared to a good watch dog. They maintain control through intimidation. An excellent management company is more like a Sheppard. They maintain a symbiotic relationship with the circle of business. An excellent management company will actually improve the relationship you enjoy with your service provider by identifying issues through open discussion and finding common ground for overall performance improvement. In essence, a win, win!

Within the first year of engaging your material handling fleet cost management firm you should experience lower repair costs, the fleet's PM schedule should be organized and PM's should be completed within a timeframe that is predicated upon the utilization of each individual unit and you should be receiving intricate reporting and recommendations to optimize fleet performance and efficiency. For all intent purposes, you should also be "out of the forklift business" on a daily basis leaving all but a small number of decisions to your management firm. Your company will also have the ability to obtain any and all fleet information with one call at any time. If your business model is such that you operate multiple locations, the ability to have one central point of information for every aspect of the fleet is also a tremendous benefit.

When all is said and done, your company should expect to see an annual savings of between 10% and 20% of the entire fleet value annually. Repair costs should be reduced by 20% and 40% for the first year and then begin to level off as the relationship between your service provider and management firm matures. Your material handling fleet is a very intricate and necessary cog to your operation. At the end of the day, the myriad of questions that plague most fleet managers should be replaced with an intense informational base of quantifiable data. This data should then be utilized to make intelligent business decisions as well as completely control all the related costs pertaining to the fleet, thereby reducing expenditures as well as human resources while maintaining total operational effectiveness.

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