

WELL-MANAGED LIFT TRUCK FLEETS
INCREASE PRODUCTIVITY, REDUCE COSTS

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WELL-MANAGED LIFT TRUCK FLEETS INCREASE PRODUCTIVITY, REDUCE COSTS

Most car owners know to change the oil, replace the filters and get regular tune-ups to keep their vehicles running reliably. When an older car becomes too costly to repair, the owner needs to evaluate whether it's time to purchase a new one. The same is true for industrial lift trucks. Once the initial investment is made to purchase a lift truck fleet, ongoing management of that fleet protects the investment. But there are more benefits to ongoing fleet management than just extending fleet life. With a properly managed lift truck fleet, companies can also enjoy less downtime, increased productivity and, most times, a reduction in fleet size.

In the materials handling business, only 20 percent of total cost is associated with the acquisition of equipment; the other 80 percent is related to operator and maintenance costs. With such a large percentage of cost dedicated to maintaining equipment, companies can't afford to ignore the importance of well-coordinated fleet management.

Fleet management involves looking at many aspects of the equipment and its operations to reduce costs and optimize productivity. These aspects include scheduled maintenance, equipment economic life, brand standardization, operator and technician training, and lift truck supplier transaction methods.

Prevent Expensive Breakdowns

When a lift truck is not properly maintained, it may cause unexpected and extended downtime for repairs. This can result in operators standing idle while still on the clock.

In some cases, excessive equipment downtime may drive companies to rent units for short-term use or to purchase more equipment than is necessary for the job. On average, companies operate 10 to 20 percent more lift trucks than are required to do a job. In addition, breakdowns are often the result of more serious problems that can involve costly repairs and parts.

The key to reducing breakdowns is scheduled maintenance. A scheduled maintenance program allows companies to prepare for and work around brief downtimes while a unit is being serviced. Some authorized service providers can even loan out similar equipment during scheduled maintenance to prevent downtime. To further understand what drives maintenance costs, keep ongoing records of scheduled and breakdown maintenance on each unit in the fleet.

Calculate Optimum Life

A planned replacement program can optimize the economic life of lift trucks. The critical aspect of employing an effective fleet management program is to understand the point at which acquiring a new lift truck for a fleet is more cost-effective than continuing to repair the current equipment. Many companies keep lift trucks too long because it is easier to

spend a couple thousand dollars on repairs than to justify the capital request to replace a truck.

Use simple graphing to calculate when a lift truck becomes too expensive to repair. Use cost per hour values on one axis and accumulated operating hours on the other axis.

Graph a line using accumulated costs (ownership costs plus maintenance costs). The “break even” point is where the line is at its lowest point on the total cost curve. If a truck has already surpassed that “break even” point, it is costing more than it’s worth. It is generally accepted that the average lift truck has an estimated economic life of 10,000 to 14,000 hours.

Stick with One Brand

The average lift truck user has multiple brands. While it may be cheaper to purchase a different brand of lift truck, having multiple brands makes the fleet more costly to maintain. Mixed brand fleets require increased parts inventories for service, increased supplier base management, and multi-brand technical and operator training.

Standardizing on a single brand, or a few brands, of lift trucks can avoid those extra costs and time requirements.

Train Employees to Be More Productive

Providing training to lift truck technicians and operators can contribute to company productivity. A properly trained technician can reduce the cost of operation and improve uptime by quickly and accurately identifying and resolving problems. An operator trained

on a lift truck can be more effective, efficient and productive. Plus, training programs can be tracked and documented for OSHA purposes.

Reduce the Paper Shuffle

Transaction costs, such as invoicing and issuing purchase orders for maintenance, are a hidden expense of owning lift trucks. For example, it can cost up to \$75 in administrative staff time to process a lift truck maintenance purchase order. One lift truck can have as many as 20 purchase orders issued per year, costing a total of \$1,500. Now multiply that by the number of lift trucks in a fleet.

Reduce transaction costs by leveraging e-commerce options, such as electronic purchase orders and work orders, invoice consolidations and payment tracking. Then demand the same from your lift truck dealer and service provider. Outsourcing lift truck maintenance can reduce these costs.

Process of Fleet Management

Fleet management is not a one-time event, but a continuous process that provides continued cost reductions and savings over time. A well-designed fleet management program has five cyclical steps: assessment, examination, recommendation, implementation and monitoring.

Assessment. Surprisingly, a large number of companies do not track their lift truck fleet data. The most important component of a successful fleet management program is

creating and maintaining a baseline of fleet data. Start by gathering information on the existing fleet, such as the make/model, age/serial number, current/anticipated operating hours, required availability, special requirements, operating conditions and maintenance history.

Examination. Next, compare the existing fleet to a potential replacement through maintenance history interpretation, utilization studies, projected maintenance, potential savings and ROI analysis. This analysis can be provided by a lift truck dealer.

Recommendation. Get information from a local lift truck dealer regarding equipment recommendations for replacement units and configurations, financing alternatives (lease versus buy), maintenance options, such as contracting a maintenance program and parts inventory, and training for operators and maintenance managers.

Implementation. Finalize an action plan. This can include standardizing some or all of the proposed recommendations, developing a product supply plan, establishing a training schedule, arranging for maintenance and determining an equipment disposal plan.

Monitoring. Conduct a regular review of the plan. Monitor the condition of the lift trucks, hours and utilization, maintenance costs, fleet size and replenishment, and management reporting. Once this review is conducted, begin again at the survey step in the cycle.

Get Out of the Lift Truck Business

Increasing global competition is forcing many companies to focus resources and expertise on their core business through technological improvements, productivity increases, and cost reductions. One way to further this initiative is to outsource lift truck fleet maintenance to an authorized equipment dealer. Dealers can provide scheduled and breakdown maintenance, parts inventories, consolidated billings, operator training compliance, equipment rotation, supplier reduction, and day-to-day fleet management. This can allow companies to reduce capital expenditures, as well as maintenance and administrative costs, while increasing productivity, because it enables them to direct resources to the core business and gets them “out of the lift truck business.”

The ultimate goal of any lift truck user is to keep the rolling stock rolling – to move product quickly and inexpensively with as little downtime as possible. By following the basic principles of lift truck fleet management, companies can optimize productivity, reduce costs and gain an advantage in a highly competitive industry. Outsourcing fleet management to an authorized equipment dealer will provide more time to focus on core business activities and reduce the time spent worrying about lift trucks.

For more information about Raymond National Fleet Services, or to find a Raymond dealer near you, call 800-235-7200 or visit www.raymondcorp.com.

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