

statusreport Warehousing

LIFT TRUCKS

Stay Out Of The Forklift Business

Fleet management keeps focus on growing businesses, not fleets. *By Leonard Klie*

A service technician comes to your warehouse to fix one of your forklifts. He diagnoses the problem, but doesn't have the part needed to fix it in his van. He has to go back to his shop to get it. Should he have billed you for that time?

Or, you send out one of your forklifts for repairs. It comes back a day or two later, along with an invoice. Can you say for sure that the amount of labor billed equates to the actual work done, or that you were billed the best rate for replacement parts? Chances are, probably not.

"We are in the beer business, and as a management team, we are concentrating on growing the sales end of the business," says Pat Votta, vice president of operations at Clare Rose, Patchogue, NY, an Anheuser-Busch distributor to more than 5,000 supermarkets, convenience stores, restaurants, bars and country clubs on New York's Long Island. "It'd be very difficult for us to sit down and analyze forklifts by invoices because we wouldn't know what we were looking at."

The same is true for Norman Gold, vice president of Madelaine Chocolate Novelties, New York. "I'm in the business of manufacturing chocolates. I have no experience in managing forklifts," he says.

Votta and Gold, like a growing number of others who rely on forklifts to keep their operations moving, do not worry about these things any more. Both are now clients of Lift Truck Management (LTM) Services, based in Manorville, NY.

"They have information that we do not. They know how much things should cost, and how often things like brushes should be replaced," says Votta, whose firm signed on with LTM about four months ago to manage its fleet of 32 Hyster forklifts, split between two distribution centers in Patchogue and Melville, NY.

"If I get a repair order, I need to know



DRIVING SALES: Executives at Anheuser-Busch distributor Clare Rose concentrate on sales and leave the forklifts to someone else to manage.

if the work was done, did the part have to be fixed, if the work was done right and if it cost what it should," notes Gold, who has relied on LTM for the last two years to manage the 11 forklifts (four Mitsubishi's and seven Hysters) that move product around his 60,000-square-foot finished goods warehouse. "I don't have the experience to know what I'm looking for."

Luckily, LTM does. Through software and human intelligence, LTM Services keeps track of and manages regular forklift maintenance schedules, regulatory compliance, operator performance and training, warranties, service contracts, invoice and repair orders, operating costs and more.

Cost Analysis

Its complete fleet management program analyzes every cost associated with a fleet, including the cost per hour on each piece of equipment. It continuously looks for

equipment that is not being used, and can make recommendations that will reduce costs across an entire fleet.

LTM also keeps a full history on every vehicle it manages, and makes that information available to clients either through a secure, password-protected Internet portal or in printed form. Those reports contain information on every asset from the time of purchase to the time it is sold or scrapped.

"All my invoices go directly to LTM. I receive a quarterly report that shows all my bills, credits, etc.," Votta explains.

Based on the information it tracks, LTM can also recommend when it's time to replace a forklift, when it starts to cost more to keep it on the floor vs. buying a new one.

"We offer a complete fleet cost management program, analyzing costs per hour on each piece of equipment, and we can keep tabs on every forklift across an entire net-

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work, no matter how many locations there are," explains Michael Gary, vice president of sales at LTM Services. "Our primary focus is on identifying unnecessary costs and implementing a total cost savings program within the fleet."

For Gold, that is key. "It's my job to keep



costs down and to make sure that what we are spending we are spending wisely," he says. "I rest easy knowing that there is someone out there looking out for my interests, seeing that I'm getting all that I'm paying for."

During the two years that Madelaine



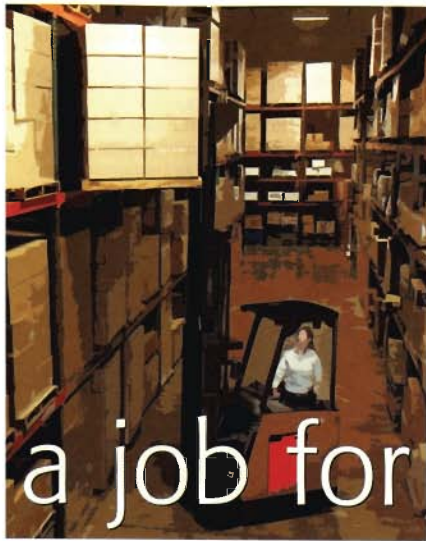
Chocolates has been using LTM Services, the service provider has found several repair order invoicing errors that could have cost the company a lot of money needlessly. "It's been a significant amount," says Gold. "We pay LTM a flat fee for their service, but they've saved me a lot more than that off invoicing errors alone."

The flat fee is \$10 a month per forklift. Votta calls it an extraordinary bargain. "We are a very large business, and paying \$10 a month per truck is nominal for what we're getting. We've already seen huge dividends," he says.

"When all is said and done, your company should expect to see an annual savings of between 10 percent and 20 percent of the entire fleet value annually," explains Gary. "Repair costs should be reduced by 20 percent to 40 percent for the first year and then begin to level off as the relationship between your service provider and management firm matures."

BY DAVID MALONEY, SPECIAL PROJECTS EDITOR
LIFT TRUCK FLEET MANAGEMENT

operationsinsight



Can you afford to hire someone to manage your lift truck fleet? A better question might be: Can you afford not to?

a job for the pros?

IF YOU'RE A DC MANAGER FEELING THE HEAT TO HOLD DOWN LIFT-TRUCK COSTS, you've probably tried the usual routes: installing fleet management software, cutting parts inventories or deferring maintenance or new truck purchases. But you may have overlooked one of the most effective avenues to reducing fleet costs: hiring an outside fleet management firm. It may not sound like the last word in cost cutting, but unless fleet management is one of your core competencies, calling in the experts could save you a lot of money. "We can guarantee a 15-percent savings over [our customers'] current lift truck costs. And in most cases customers can save more than that."

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Not Another CMMS

There are a number of software packages, called computerized maintenance management solutions (CMMS), that will allow facility managers to input and track forklift maintenance and service records on their own, but those systems require direct involvement from the managers. Just about every forklift manufacturer also offers some form of a forklift management program, either on its own or through its affiliated dealers and service technicians. What sets LTM apart is that it is completely neutral. As such, it acts solely on behalf of its customers to hold manufacturers and servicing companies accountable for labor hours, parts, repair intervals, planned maintenance intervals, trouble-shooting, consumable charges, warranty charges and more.

"That's important," says Votta. "They don't care who's servicing our vehicles. They're working for our best interest and not for Hyster or the service company."

"For all intents and purposes, you should be out of the forklift business on a daily basis, leaving all but a small number of decisions to your management firm," LTM's Gary explains.

"LTM lets me concentrate on running my business. That's the beauty of it," says Madelaine's Gold. #