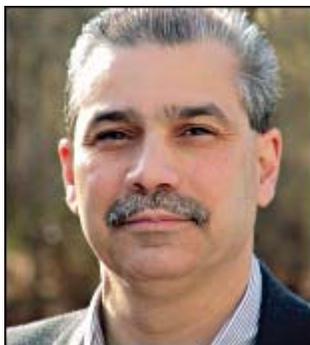


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## viewpoint

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### Forklift Fleet Cost Management: It's a Question of Time and Savings

By [Michael Gary](#)

Abundant questions and costs surround forklift fleet management; finding the answers and controlling those costs can be illusive.

Many forklift fleet managers have a difficult time providing accurate answers to the myriad questions that need to be addressed (*see sidebar, below*). But accurately answering these questions can mean the difference between saving tens of thousands and hundreds of thousands of dollars each year.

Answering these questions calls for quantifiable data. But where does it come from? And who has the time, expertise, and processes in place to not only capture the data but properly analyze it? Enter forklift fleet cost management firms, which help companies reduce costs and improve performance.

Top-notch forklift fleet cost management firms are equipped with two imperative elements: experienced analysts and customized software. When combined and strategically implemented, these elements produce the level of scrutiny, control, and data acquisition required to generate quality results at affordable costs.

You should expect and demand two standards from your materials handling fleet cost management firm:

**1. That it becomes your advocate.** The firm should audit every repair made to your fleet, and communicate directly with your forklift service provider. It should bring all invoicing disputes to an equitable conclusion that aligns 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 goal: that you pay the proper costs for the proper service.

**2. That it provides your company with accurate, quantifiable data.** The fleet cost management firm must also compile this data into succinct and viable reports that provide exacting information, enabling your company to make effective business decisions and derive fleet efficiency recommendations.

The firm must compile the information so that decisions are based strictly on the numbers, and not on conjecture or experiences with alternative applications. Every recommendation must be specific to your fleet's performance and application requirements, and be

completely derived from the specific data produced and analyzed.

An average fleet management company is like a good watchdog: it maintains control through intimidation. An excellent management company, however, is more like a German Shepherd: it maintains a symbiotic relationship with the circle of business.

An excellent management company improves the relationship you enjoy with your service provider by identifying issues through open discussion, and finding common ground for overall performance improvement.

Within the first year of engaging a materials handling fleet cost management firm you should experience the following results:

- Repair costs are lower.
- Your fleet's preventive maintenance (PM) schedule is organized.
- PMs are completed within a timeframe based on the utilization of individual units.
- You receive detailed reporting and recommendations to optimize fleet performance and efficiency.

A management firm removes you from the daily forklift business by making all but a small number of decisions for you. Your company also gains the ability to obtain all fleet information with one phone call at any time.

If you operate in multiple locations, the ability to have one central point of information for every aspect of the fleet is also a benefit.

Within the first year of using a fleet management firm, your company also can expect annual savings of between 10 percent and 20 percent of the entire fleet value. Repair costs should be reduced by 20 percent to 40 percent for the first year, then begin to level off as the relationship between your forklift service provider and management firm matures.

Your materials handling fleet is an intricate and necessary cog in your supply chain operation. A good fleet management firm replaces the myriad questions that plague most fleet managers with a solid base of quantifiable data.

You can use this data to make intelligent business decisions, as well as completely control all the related costs pertaining to the fleet. You reduce expenditures and human resources, while maintaining total operational effectiveness.

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## **Forklift Fleet Management: Questions Abound**

Forklift fleet cost management firms help address common questions such as:

- When was the last time your forklift fleet underwent preventive maintenance (PM)?
- Was the PM completed on time and effectively?
- What is the best PM interval for each of your forklifts?
- Is your fleet OSHA compliant?
- When was the last time your operators received certified training?
- What types of repairs are performed on 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?
- 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 company's needs?
- Are you being charged the best rate for parts? How does your cost compare to the list price?
- When is any of your existing fleet costing you more to operate than the cost of a new unit?
- What are each of your forklifts worth on the open market? What's the best way to sell them when the time is right? When is the time right?

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