FIND YOURS.

Lift Truck Fleet Replacement & Acquisition Strategies

Presented by:
Associated
TODAY’S PRESENTERS

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Fleet Optimization Manager

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Fleet Manager
TODAY’S OBJECTIVE

CREATING & IMPLEMENTING
Fleet Replacement or Acquisition Strategy
CURRENT TRENDS
Replacement & Retirement Schedules

Source: Lift Truck Acquisition and Usage Study, Conducted by:
Modern Materials Handling, 2018
ECONOMIC POINT OF RETURN

- **NO ACTION REQUIRED**
  - High Utilization / Low Cost

- **REEVALUATE**
  - (Possible Short Term Rental Opportunities)
  - Low Utilization / Low Cost

- **REMOVE**
  - (Possible Short Term Rental Opportunities)
  - Low Utilization / High Cost

Utilization vs. Cost

FIND YOUR WOW
What are your rental costs?

Do you need to rent when your fleet may contain under utilized equipment?

Could your rental spends be reallocated to help with a replacement strategy?
ECONOMIC POINT OF RETURN

Utilization vs. Cost

- **NO ACTION REQUIRED**
  - High Utilization / Low Cost

- **REPLACE**
  - High Utilization / High Cost

- **REEVALUATE**
  - Low Utilization / Low Cost
  (Possible Short Term Rental Opportunities)

- **REMOVE**
  - Low Utilization / High Cost
  (Possible Short Term Rental Opportunities)

**Asset Recommendations**

Cost per Hour (%)

- Retain
- Remove
- Reallocate
- Replace
STANDARD METRICS

- Type / Model
- Application
- Age
- Hours
- Cost Per Hour
STANDARD METRICS

Type / Model

Source: Lift Truck Acquisition and Usage Study, Conducted by: Modern Materials Handling, June 2018
Examples:
- Freezer Applications
- Long Run Applications
- Load / Unload Tractor Trailers
- Manufacturing vs. Distribution
- Multiple Shifts
- Indoor vs. Outdoor
- Inbound Product Placement vs Order Picking
How To Determine The Age Of Your Equipment:

• Serial Number Identification
• Specification Tag (on or near the operator compartment)
STANDARD METRICS

Age

OEM Examples:

**Raymond**: Has Year In Most Serial Numbers, I.E. 750-13-ab31546 Or R50-07-21346

**Yale**: Has Year At The End Of The Serial Number In The Form Of A Letter, I.E.. A867d21345v. The V Indicates Year Of Production. Letter A = Year 2000, b = 2001 And So On.

**OSHA mandates that all trucks have a data tag or the trucks are not compliant!**
## STANDARD METRICS

### Age

<table>
<thead>
<tr>
<th>Old Fleet</th>
<th>New Fleet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fleet Count</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>10% Replace</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>10 new trucks</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>Average Cost Per Hour to run a 10 year old forklift</strong></td>
<td><strong>$2.81</strong></td>
</tr>
<tr>
<td><strong>Average Cost Per Hour to run a new forklift</strong></td>
<td><strong>$.94</strong></td>
</tr>
<tr>
<td><strong>Average Hours of usage</strong></td>
<td><strong>1,240 - 1,560</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10 x 1,240 hrs x $2.81 = $34,844</strong></td>
</tr>
</tbody>
</table>

| **Total**                                     | **10 x 1,240 hrs x $.94 = $11,656**            |

Maintenance Costs Savings = $23,188
STANDARD METRICS

Hours

Types of Hours:
• Key Hours
• Deadman Hours
• Travel Hours
• Lift Hours

How to Identify Truck Hours:
• Meter On The Truck
• Hour Menu Through Display (if available)
• Work Orders
• Telematics
Usage Collection Methods

Monthly: Manually Collect Deadman Hour Meter Readings

Calculation: Requires Two Repair Order Forms With A Minimum Of 30 – 90 Days Between Repairs.*

Telematics: Automate collection of Deadman Hour Meter Readings

*The Greater The Distance Between Dates The More Accurate Your Calculation Becomes. Experience Tells Us That 30 Days Provide An 80% Accuracy And 90 Days 95% If Usage Patterns Remain The Same In The Operation.
STANDARD METRICS

Average Annual Hours Of Utilization = 1,240 - 1,560
Underutilized: <1000 Hours
Overutilized: >2040 Hours

OUTLIERS
Class II: Turret Truck (Swing Reach) & Side Loaders
Class III: Pallet Trucks
Class IV & V: Cushion & Pneumatic IC Trucks
STANDARD METRICS
Cost Per Hour

What is the Cost Per Hour of the Lift Truck Fleet

Annual Maintenance Cost / Annual Utilization Hours = Cost per Hour { i.e. $4,555 / 1,150 hours = $3.96 }
When Doing a CPH Analysis Things to Consider:

• Large Repair
• Under Utilized
• Data Integrity
• Industry Average vs Your Environment
• Fluctuations in Business Needs

What Drives Costs? (Operating Expenses)

• Large Repair
• Under Utilized
• Data Integrity
• Industry Average vs Your Environment
• Fluctuations in Business Needs
**STANDARD METRICS**

Cost Per Hour

**Time:** An annualized approach comparing year to year of your equipment.

**Downtime:** Failure to address this as part of your costs can lead to underestimating repairs and repeated equipment downtime. This is truly a cost driver for your fleet.

**Age:** Older equipment is predisposed to higher costs on repairs and maintenance.
5 Major Factors
• Model/Type
• Application
• Age
• Hours
• Cost Per Hour

Costs Per Hour
• Data Integrity
• Downtime
• Work to calculate productivity costs & include this in your fleet costs

Loss Of Productivity
• Like downtime, calculate the burden rate of this into the overall cost of your fleet

Increased Costs
• 12 month trends - are they increasing & why?
• Is there a root cause from one of the major factors?

Create A Fleet Strategy!
### FLEET REPLACEMENT STRATEGY

#### Example

<table>
<thead>
<tr>
<th>Average Age</th>
<th>8</th>
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<tbody>
<tr>
<td>Orderpickers</td>
<td>10</td>
</tr>
<tr>
<td>Reach Truck</td>
<td>12</td>
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<tr>
<td>IC Sit Down (Class 4)</td>
<td>6</td>
</tr>
<tr>
<td>Walkies</td>
<td>8</td>
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<tr>
<td>CB Stand-Up</td>
<td>7</td>
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<tr>
<td>Swing Reach</td>
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<table>
<thead>
<tr>
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</tbody>
</table>
DO YOU REALLY NEED TO RENT?

Rental Costs

Owned vs Rental Utilization

- Rental Costs
- Rental Utilization
- Current Fleet Utilization
ACQUISITION STRATEGIES

Methods

- Short-Term Rent
- Purchase
- Lease
FOR MORE INFORMATION

Contact

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