

## REDUCING FORKLIFT COSTS

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By Scott McLeod

Ask 10 logistics professionals how much their forklift fleet is costing them per operating hour and I'll bet only one or two will be able to give you an answer.

For some reason, forklifts seem to fly under the radar for most people and therefore their costs go largely unnoticed and without scrutiny until the large bills start to arrive.

Just like with your car, though, if you wait until something major fails before taking action, you've waited too long – and it's going to end up costing you more than it needed to. The problem was that your actions have largely been reactive instead of proactive.

Fortunately there are some simple steps you can take to avoid falling into the trap of paying exorbitant costs to maintain your fleet of forklifts.

First, admit that your company is ignoring these costs and that there's no proactive plan in place to control them in the future.

Second, commit to improving the situation – and be willing to change the ways of the past. Buy-in from the leadership of the company is crucial at this point.

An experienced professional forklift fleet management specialist can walk you through the steps of how to implement a maintenance program. They can be there to hold your hand every step of the way.

Remember, every dollar spent on forklift maintenance equates to one less dollar that will filter to the bottom line. In this business, it's save a buck, earn a buck.

These days, when profit dollars are hard to find, a company needs to leave no stone unturned in its relentless pursuit of cost reduction.

Let's take for example a company that has five lift trucks. If these trucks are seven years old and if each truck has an operating cost per hour of, say, \$10, and they operate 1,500 hours per year, you can expect the maintenance costs of the fleet to total \$75,000 in just one year of operation.

What if this cost could be \$3 per hour or less?

At \$3 per hour, the company would stand to save \$52,500 in one year alone and this is before we talk about other costs such as fuel, the "all in" cost of the operator, insurance, administration costs to issue maintenance purchase orders, issue cheques, file... the list goes on. How many revenue dollars would your company need to generate to yield \$52,500 in bottom line profit?

Reducing and controlling forklift maintenance costs is just one aspect of effective forklift fleet management. There are many other elements to consider and each element will likely reveal hidden profit dollars.

Identifying and acting on these opportunities will help your company remain healthy and strong in an uncertain economy.

Scott McLeod is a forklift fleet management specialist with over 20 years of industry experience. He is president of Fleetman Consulting Inc., in British Columbia.