



Here is a list of the most common forklift costs – depreciation, interest, fuel, parts, and labour.

Although the above list should be no surprise to anyone, the following list outlines the least known or ‘forgotten’ costs that are almost always underestimated:

- ◆ Operator wages and benefits
- ◆ Operator training & damage
- ◆ Insurance and liability exposure
- ◆ Management time
- ◆ Clerical time
- ◆ Downtime
- ◆ Emissions
- ◆ Rentals
- ◆ Opportunity cost of placing capital elsewhere

Step one is to find out what these costs are. Step two is to target those costs that can provide you with the best return on your investment of time. Step three is to see if you can find a better and more cost effective way to move your products compared with how it’s always been done over the years. Remember, with forklifts, less is more.

Forklifts Likely Costing You A Fortune

By: **Scott McLeod**

Over the last three years or so, most business owners have been forced to cope with unprecedented challenges beyond what has recently been considered ‘normal.’

In the fall of 2008, when the economy began to stumble, the first reaction for many people was ‘let’s wait and see what happens.’

Soon after, it became clear that the wait-and-see approach wasn’t going to be good enough. Some people took minor steps to protect their investments and businesses while others took much more drastic steps.

Regardless of what side of the fence you were on and how your own particular circumstances played out, you knew that reducing cost – either by way of your own personal expenses, the expenses incurred by the business you owned, managed, or were employed by – had to come down.

A Hidden Expense

A little over three years have passed since the fall of 2008. During this time, have you considered the benefits of targeting excessive forklift costs and inefficiency? Probably not. Do you know what these costs are and what they should be? If you’re like most people, you likely have no idea. That’s because forklifts, for whatever the reason, seem to fly under the radar for a lot of people. There

are more top of mind issues such as how to increase sales or staff restructuring and so on.

Let me let you in on a little secret. Forklifts cost a fortune to own and operate. If these costs aren’t tightly controlled, you will bleed profit dollars in a hurry. That’s right, profit dollars. The more forklifts you have, the greater the risk.

Take a few minutes and ask yourself the following questions. If you don’t know the answers, then it would be in your best interest to find them out sooner, rather than later.

- ◆ How many operating hours has each forklift accumulated since it was new?
- ◆ What is the average maintenance cost per operating hour for each forklift since they were new?
- ◆ Is there a system for keeping track of these costs?
- ◆ What is the utilization percentage by forklift, by department, and for the fleet as a whole?
- ◆ When is the right time to upgrade forklift equipment?

Hopefully, these questions have prompted you to look a little deeper into your lift truck fleet.

Common Costs

There are many different types of forklift costs and each one of them can easily become buried in your accounts payable department making it difficult for you to see the complete picture.

Let’s take the example of a building supply company that operates four pieces of forklift equipment each having a gross chassis capacity of 10,000 pounds.

Assuming these trucks run an average of 1,500 hours per year, you can expect they will cost you a minimum of \$100,000 in propane over five years.

Maintenance Costs

Over that same period of time, their maintenance costs will total approximately \$120,000.

Depending on the wage rates in your area, the estimated cost to have four operators on these trucks over the next five years should exceed \$625,000.

As well, the depreciation will total somewhere in the vicinity of \$200,000.

So, with costs like these (which only represent the tip of the iceberg) can you afford to operate an inefficient fleet with excessive cost any longer? The answer is certainly ‘no.’

If profits are down, you need to focus on forklifts for a while. ❖

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