



LIFT TRUCKS: A closer look at fleet management practices

New lift truck fleet management offerings aim to improve flexibility and efficiency in a dynamic business climate, creating efficiencies in the most unlikely places.

By Josh Bond, Contributing Editor

When times were good, lift trucks and their associated costs didn't inspire much scrutiny. These warehouse workhorses chugged along, dropped in and out of the maintenance bay, and were replaced every so often by newer, shinier models.

Lately, as many savvy warehouse/DC managers have keenly noticed, current business

conditions tend to reward those who apply a magnifying glass to each and every nook of their operation. According to Scott McLeod, president of Fleetman Consulting, an independent forklift fleet management company, fleet management practices are about due for their moment in the spotlight.

If McLeod is right, and if the assortment



of third-party offerings is any indication, site managers and corporate number crunchers will find their warehouse workhorses could stand to slim down. Old habits die hard, but McLeod says he's confident that a thoughtful examination of fleets of all sizes will yield dividends for most organizations.

Down to basics

At its most basic, lift truck fleet management is the practice of using data to modify operational and purchasing practices to achieve flexibility, efficiency and cost savings. By partnering with an equipment manufacturer for partial asset ownership, companies can achieve the flexibility to right-size their fleets on an as-needed basis.

By integrating with warehouse management systems (WMS) software and truck-mounted computers, fleet management offerings can track equipment usage, energy usage, accidental collisions, maintenance records and certifications, creating efficiencies in resource consumption and administration. Implementation can be rapid and returns can be immediate, says McLeod, but buy-in is critical to successful fleet management.

Just as with any rehabilitation program, the first step is admitting there's a problem. "A lot of companies I talk to don't have a handle on where their lift trucks are located, how many they have, or what kind they have," says McLeod.

"Problem No. 1: We have to figure out what they have and what it costs. Lift trucks are assets, and every business cares about return on assets."

Except, for a long time, most companies didn't care. Historically, a procurement officer at the corporate level would purchase lift trucks, arrange for them to be dropped off at individual sites and then promptly forget about them. It became the warehouse manager's problem to coordinate usage and maintenance, or to request replacements in intervals dictated by an indifferent capital plan.

"A lot of companies didn't even have lift trucks on their radar because they figure they had bigger fish to fry," says McLeod. "In those situations, fleet decisions were largely reactionary. But they now need to make it a corporate priority to implement a strategic lift truck fleet management plan and have somebody responsible for the success of that program."

Although a manager or corporate leader might identify the need in many situations, optimal fleet management calls for nothing less than a company-wide commitment. By monitoring an operator's every pick, by squeezing every drop from a battery or LP tank, and by ensuring that only the precise amount of hardware is available, fleet management can boost transparency and accountability, often leading to drastic changes in day-to-day operations.

According to McLeod, a good fleet



New tools allow managers to track lift truck activity in real time from anywhere in the facility.

management program should strive to make continual improvements every year in utilization and cost. Every warehouse and DC is different, he says, but every site can improve: "It's a living thing. You have to stop and say, how can we do it better?"

Flexible fleet

Doing something better and doing it cheaper are rarely one and the same. With fleet management offerings, however, that is precisely the point. According to Nick Adams, business development manager for Mitsubishi Caterpillar Forklift America, financial turmoil in the past 18 months to 24 months has prompted companies to turn over every last stone in search of efficiencies. Still, he says, fleet management has a tendency to be overlooked.

"Companies have been forced to get skinny," says Adams. "People in charge of fleet maintenance now have three or four other responsibilities. Some folks are saying that there just isn't the focus at the plant levels."

For some, the solution lies in transferring responsibility to a third party. One of the best ways to right-size a fleet while managing costs, Adams suggests, is to explore partial equipment ownership or long-term leasing. "In this economy, companies are very cognizant of the risks of asset ownership," says Adams. By contracting with a third party, those risks can be avoided for a flat monthly rate. "In exchange for that premium, you've



got that flexibility.”

Third-party relationships can include long-term leases of equipment as well as long-term agreements for their maintenance, resulting in consistent costs. As a business expands or contracts, so can its fleet—without the usual fear of massive outlays for potentially underused equipment. Even those initial lift truck costs are only 20% of the total lifetime cost of ownership, says Adams, with the other 80% consisting of fuel, maintenance and labor.

Patrick DeSutter, director of the fleet management program for NACCO Materials Handling Group, agrees, saying people are tuned in to the total cost of ownership more than ever before. The ability to turn unforeseen costs and long-term commitments into predictable and adaptable fees prompts companies to consider what once may have been out of the question.

Over the last 20 years, DeSutter says the industry’s perspective on fleet management—and outside service contracting in general—has evolved. “It’s gone from people being very hesitant to sign an agreement or hand over those responsibilities, to people turning over every stone,” says DeSutter.

However, some managers who dabble in flexible ownership go about it the wrong way. Joseph LaFergola, marketing manager of business and information solutions for The Raymond Corp., says that he often hears of customers who have, say, a 20-truck fleet and add four each year before Christmas to handle increases in order volume.

“Do you really need those trucks, or are you just doing it out of tradition?” asks LaFergola. “Once you start thinking outside the box, you could ask: What if I had only 10 trucks and rented five more during peak times?”

When asked why a manufacturer of lift trucks might want to help customers shed half their fleet, LaFergola says that it does sound a bit counterintuitive. “But we’re not looking to sell you a bunch of steel, drop it off and run,” says LaFergola. “We want to help you make your warehouse as efficient as possible.”

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for life, LaFergola adds, and a regular upgrade schedule will ensure that clients have access to trucks with the newest technology that offer the best efficiency.

The technology

As lift truck technology has improved along with warehouse management tools and wireless hardware, lift truck metrics are now far more comprehensive than simply hours of use. For a fleet management program to work properly, an organization must first have a clear picture of equipment use.

Adams asks: “Are you collecting the data? And once you have it, are you using it to make fleet management decisions? Making decisions without data is not good; but having data and not using it is also not good.”

Data collection in modern fleet management offerings ranges from ultra-detailed telemetry with assorted hardware retrofits to simple monitoring tools. Maria Schwieterman, marketing product manager for Crown Equipment, says that

even the most advanced technology is designed with ease of use in mind.

“Customers are looking for tools that will help them improve things and find cost savings,” says Schwieterman. “And they’re looking for easy implementation. They’re not looking for some huge project to undertake.”

Fleet management hardware can include on-board units or software that syncs with existing dash-mounted devices. Browser-based services can even enable staff and managers to monitor data through an iPhone or iPad, further reinforcing the notion that, indeed, there is an app for that.

Depending on the equipment involved, a fleet management program will enable more efficiencies than simply right-sizing a fleet. Accompanying software might keep track of propane use in LP trucks, maximizing each tank and monitoring overall use. Fleet management software can also track compliance items, enabling a company to provide solid documentation about operator certifications and lift truck



maintenance records.

The simple process of wirelessly transmitting a pre-shift inspection checklist can save the 5 or 15 minutes needed to fill out the form by hand and manually deliver it to the proper office. “That can translate to several hundred thousand dollars annually on time; plus that time can be turned into productivity,” says LaFergola.

By tracking individual trucks, the software offers accountability for operators. Managers might ask why a truck is idle for much of the day, or why it’s doing more traveling than lifting. Some offerings even include truck-mounted accelerometers that register impacts and can be calibrated based on the work environment.

For all the fancy details, Schwieterman says the emphasis is on making the data relevant. Software focuses on getting information to end users and presenting them with key areas as opposed to forcing them to root through data. This allows managers to manage by exception.

“They know there are opportunities, but they don’t know where to find them,” says Schwieterman. “You want a tool that is going to be able to capture as much data as possible, from safety to utilization, to service and personnel. Then you need to streamline the information and adopt processes among the management and staff.”



Fleet management monitoring software can increase operator accountability and improve maintenance records.



Truck-mounted hardware tracks data about whether a truck is idle or in motion, how much energy it uses, and can even produce collision reports including who, when and where.

Ready to take the plunge?

A fleet management overhaul calls for a full-company commitment, which can often be the biggest hurdle of all. McLeod and supplier representatives agree that a fleet management program works best with a corporate champion, not simply a procurement officer.

“If management is not engaged in making a change, then you’re not going to find the support to make a fleet management program successful,” says Schwieterman.

However, there is no shortage of benefits that most managers will gladly welcome, such as the opportunity to replace antiquated administrative systems with user-friendly technology. Each organization is different, but DeSutter estimated a fleet management program could be rolled out in 30 days to 60 days, provided there was good employee buy-in, and good asset data at the outset.

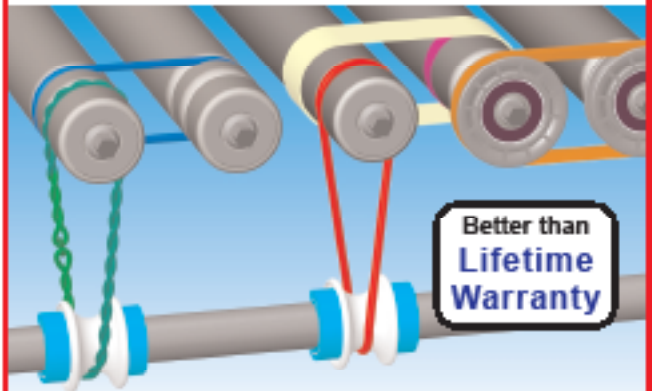
DeSutter also recommends at least a preliminary asset survey before presenting a fleet management provider with the equivalent of a shoebox full of receipts.

“It took time to monitor these things,” says Schwieterman. “It was paper-based and things got lost. This tool can let them know what the pulse of their warehouse is.”

LaFergola adds that any opportunity to reduce the unknowns is key. “Without fleet management, I’m really taking a guess at the amount of equipment I need,” says LaFergola. “I’m estimating how many pallets I need to move. I’m estimating the number of work hours. I’m doing a lot of estimating. But I need to know exactly how much equipment I need.”

“We hear some amazing stories, but one of the most common reactions is a manager saying, ‘I had a gut feeling I had too many trucks,’” adds Schwieterman. “They’re making decisions based on gut feelings, and that’s hard to get by upper management these days.” □

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