

# Lift Trucks: Preventive medicine

**With a few simple prescriptions, fleet managers can plan for the unplanned, reduce costs, and ramp up productivity and safety measures.**

BY JOSH BOND, CONTRIBUTING EDITOR

There are plenty of usual suspects when hunting for improved efficiencies in any lift truck fleet. For example, aging equipment, truck abuse, and under-utilized assets are all key sources of unanticipated maintenance costs. But are breakdowns, excessive damage, and unnecessary trucks really unanticipated?

According to Allen Polk, national accounts manager for Kenco Fleet Services, there is a big difference between being well prepared to react and taking steps early to prevent inadvertent costs. Simply suspecting a problem is not the solution, says Polk; instead, it's the first step in what he calls the "awareness curve."

"Suspicion, data, recognition, change," Polk explains. "Companies that don't go through the curve will tend to have higher costs. Awareness is the easiest and least expensive way to fix a problem."

However, the current paradigm of fleet maintenance defines success as quick reaction to unplanned events—uptime at any cost. This is understandable. Because most fleet owners' core business is about moving product, few have time to ask, for example, how many lift truck tires they

go through on an annual basis. Instead, Polk urges his customers to consider the benefits of a strong partnership with a service provider, the judicious use of technology for data capture, and a culture of prevention, not reaction.

To help fleet managers identify and preempt "unanticipated" costs, we compiled a survey of best practices in fleet maintenance with some of the leading experts in the market. With some simple adjustments, most fleet managers will find that they can plan for the unplanned, improving productivity and safety while reducing costs.

## **Challenge assumptions, act on suspicions**

Jim Gaskell, director of Global Insite products for Crown Equipment Corp., has a hypothesis: "If I gathered ten customers in one room, all ten would tell me that their warehouse is run better than all the rest, and they'd have plenty of examples to back up the claim. The thing is, they can't all be right."

The chances are that simply asking the right questions can expose their mistaken confidence. Gaskell says he once visited a customer who claimed to know every penny of their spend, but had not accounted for \$40,000 in unus-



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able inventory. Another customer had more than 100 trucks and, at most, used 80 percent of the fleet at a time—some of those were only used for a few minutes.

“I told them that they could remove nearly a third of their fleet and save that number times \$30,000, right off the bat,” says Gaskell.

The problem, says Gaskell, is that the planning model the customer used to determine fleet size could not be adjusted for actual utilization, especially since the fleet’s use was not being monitored.

“Some people base their business on the wrong model,” says Gaskell. “I always encourage people to look at the actual situation.”

This involves looking at metrics to determine actual cost per hour, but it can also be as simple as looking at the actual facility in which the lift trucks operate. That ramp between floor levels might look harmless, but it could be causing premature tire failure and lots of unnecessary costs.

“People don’t have an idea of what abuse is and assume it’s based only on what the operator is doing,” says Polk. “Abuse not only includes truck impacts, but can also be things like not coming to a full stop before shifting, going

up ramps, or a crack in the floor of a facility. These things will cause excessive damage to a lift truck no matter what the operator does.”

Abuse in all its forms can make up as much as 30 percent of a customer’s fleet maintenance spend, according to Nick Adams, business development manager for the Mitsubishi Caterpillar Forklift America Inc. (MCFA) fleet services group. For some fleet managers, assumptions about abuse collapse when data is compared between facilities.

One facility manager in Chicago might assume that his fleet’s costs for unanticipated damages are excellent. If he learns a facility in St. Louis is spending less, he might be driven to improve even further. This site-to-site visibility establishes benchmarks and spurs an exchange of best practices that has reduced damage costs by as much as 7 percent for some customers, says Adams.

Another example of a wasteful assumption is the shift overlap, according to Polk. Say a customer runs two shifts, five days a week, with 30 operators on each shift. A two-hour overlap of 15 operators automatically requires them to have 45 lift trucks. If there’s no overlap, they can cut that by 15



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trucks. In year one, you could see 10 percent to 20 percent, or even 40 percent to 45 percent decreases in cost.

“Overlap can be a necessary evil, but it forces costs way up,” says Polk.

### Gather data from fleet, operators, and service providers

A clearer picture of true costs and systemic problems often suggests that outsourcing fleet maintenance is the best choice. More and more customers are outsourcing maintenance, according to Adams.

“Today it’s as much as 75 percent to 80 percent, whereas five years ago it was perhaps only 60 percent or 65 percent,” says Adams. “Customers are finding it just isn’t a good use of resources. It’s the same reason you or I don’t work on our own cars, because we don’t have the training and diagnostic tools available.”

Before choosing a service provider, however, customers should ask how often the provider’s techs are trained,

what the parts and labor rates are, and establish a consistent performance expectation, says Michael McKean, fleet management sales and marketing manager for Toyota Material Handling.

Adams says customers should also inquire about potential costs for a service technician’s time in transit. Assuming a customer does not have the roughly 60 units needed to justify a full-time, on-site technician, the challenge is to find out how to optimize the travel time for an off-site tech.

Customers should also ask whether their service provider’s technicians have GPS, Adams suggests. A good service provider knows exactly where each technician is and can dispatch the closest one to save their customer money and time.

A bad service provider, adds Gaskell, is typically characterized by a lack of training. Gaskell says that he has very large customers with as many as 20 percent of their sites’ fleets serviced by “a buddy from high school” or

a comparably untrained source. “You’d be shocked. Some of them are auto mechanics who try their hand at forklift repair.”

When a customer has a great service provider, it’s very challenging to make the case that they should change OEMs, says McKean. On the other hand, it’s very easy to lose business if defensible data is not available.

“Perception becomes reality, so even a service provider that is doing a good job but doesn’t have the data to prove it is at risk of replacement,” says McKean. “A strong partnership equals a lifetime customer.”

### Recognize and change wasteful processes

Even the best service provider is sometimes limited by the demands of the customer. Adams offers an example: “Say a truck is oozing fluid. It becomes a fire drill. The technician is trying to explain what’s needed to repair the truck and what the costs will be, but the customer is saying ‘just get the truck back up and running.’ When you get the invoice later and you don’t like what you see, it’s a little too late. Was it really essential to fix that truck right then and there?”

This example shows how the practice of pre-authorization for repairs can help a customer save money. Before the technician begins the work, a quick exchange of information could save thousands. Most technicians carry laptops that give them a pretty good idea of the total cost of a repair, says Adams. Similarly, managers can call up the lift truck’s history and see that the same repair has been performed four times in the past year, or that the repair is still under warranty, and make an informed decision.

A service provider and customer can also work together to determine appropriate intervals for planned maintenance (PM). With an eye toward predictable budgets, many customers schedule PMs based on the calendar. In actuality, it might make more sense to schedule PMs based on hours of use, says Adams.

“If utilization goes up and the service provider is still servicing on calendar intervals, you will have break-downs,”

## Steelcase streamlines multi-site fleet

**S**teelcase, a leading global office furniture manufacturer based in Grand Rapids, Mich., found itself with a number of new manufacturing and distribution centers after a series of acquisitions over a four-year period. According to Dennis Carlson, logistics manager for the company’s North American physical distribution operations, the acquisitions left him with a “quite cloudy” view of his fleet.

“I had a feeling that I had more trucks than I needed in my fleet, but I didn’t have the facts to confirm my hunch,” says Carlson. “It wasn’t long before I realized that I needed to take steps to ensure I maintained a clear understanding of the number of trucks in my fleet, the conditions of those trucks, and most importantly, their utilization rates.”

Carlson chose to deploy Crown Equipment’s InfoLink system to understand what was really going on with his forklift fleets. Steelcase tested the system during a six-month period on 25 Crown lift trucks at a single facility before expanding the program to five

additional facilities.

“The system gave me more than just power usage data; rather, we saw when our trucks were not moving,” says Carlson. “And the data showed that in many cases utilization was sporadic.”

Carlson leveraged the system’s findings to drive an organizational focus toward maximizing the use of the company’s existing fleet. He also used the information to support recommendations on how Steelcase could change some of the processes in the facilities to help ensure the trucks were working all day. Carlson has also been able to reduce the size of his fleet by 30 percent to 40 percent and eliminate much of his older fleet.

“Without the new data we probably would have purchased new trucks and the underutilized ones would have remained that way,” says Carlson. “We’re now looking at the rest of our sites since we think there are dollars on the table in some of these sites that the system will help us uncover.”

—Josh Bond, Contributing Editor



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says Adams. “Or if utilization goes down you’ll have PMs done more frequently than necessary.”

Whether by calendar or hours of use, tracking and reporting technology can enable a customer to communicate real-time with the service provider and can ensure the PM schedule is appropriate. As Gaskell puts it: “The productive volume of the warehouse is tied to the usage of equipment, so it makes sense for maintenance costs to be tied to usage as well.”

But even the best service provider can only do so much, so it falls to each operator and fleet manager to ensure day-to-day care is as efficient as possible. “A planned maintenance program improves productivity and helps make for a safer workplace, which is often overlooked,” says McKean. “If you have no program in place, what you’re really saying is you’re not taking care of your operators.”

In fact, OSHA requires that operators perform a daily lift truck inspection checklist, says Adams. But what happens when they find something? “Most customers do a decent job of completing

the checklist,” he says, “but there’s often not a well-defined process for what to do if something fails inspection.”

Say the horn doesn’t work. Is that serious enough to lockout the truck? Does the operator make that call? The manager? The maintenance manager?

“Or say the seat belt is frayed, but it works,” says Adams. “Instead of dispatching a service technician for the seat belt, you can notify your provider to bring a replacement during the next planned service visit.”

### Plan, plan, plan

Some companies make decisions in the name of planning that in fact limit their options. For instance, the decision to cut the capital expense budget for lift trucks at the beginning of the year might sound like responsible planning. The customer has placed a reasonable upper limit on expenses, right? Not necessarily.

“The number one bad habit is not planning in your capital expense budget,” says Brian Markison, senior manager for national accounts at Nissan Forklift. “The only time people talk

about forklifts is when there’s a problem. It’s never up-front, and it’s the first thing to get cut from the capital expense budget. Later in the year, you end up putting \$5,000 into a forklift that might have been worth \$1,500 beforehand, all because you didn’t plan for its retirement.”

Markison recommends classifying a fleet into new, intermediate, and aging forklifts. Customers can then plan for equipment retirement, and will know exactly where to find the oldest and most costly trucks. Additional savings can come by setting cost-of-repair thresholds at each classification and holding to them, he says.

As new equipment is purchased, customers should note any advances in lift truck technology that will allow them to reduce maintenance costs over the long term. According to Frank Devlin, marketing manager of advanced technologies for Raymond, some new lift trucks have a 500-hour PM service interval, as much as double the standard interval. Look for more durable and reliable components, says Devlin, and ask about forklifts with extended run-times that can reduce the number of battery swaps and the associated maintenance costs.

## Darigold halves fleet maintenance costs in 60 days

**S**eattle-based Darigold, Inc. has been producing fresh dairy products for customers around the globe since 1918. Darigold recently recognized the need to maintain uptime, improve tracking capabilities, and reduce maintenance costs of its lift truck fleet.

Specifically, it wanted to be able to track all maintenance costs in one place, streamline the repair process for its 155 lift trucks, and standardize its fleet across 15 sites. Darigold turned to Raymond Handling Concepts Corporation (RHCC), an authorized Raymond Sales and Service Center in Auburn, Wash. Within the first six months, one of Darigold’s largest facilities cut its lift truck maintenance costs in half in less than 60 days.

Due to a decentralized method of decision-making and tracking, Darigold could not identify what it was spending per facility on fleet maintenance. “As a company, our needs had evolved,”

says Mike Bevers, the company’s director of supply chain purchasing. “We needed a new tracking system for costing analysis, documentation tracking, and a way to determine opportunities to switch out old equipment.”

The stringent health standards of a food production facility were particularly taxing to the fleet, which worked in varied environments such as wash-down stations and cold storage.

RHCC suggested the iTrack system, a fleet tracking system that enabled Darigold to track parts and labor costs per truck, view custom reports that identify facility cost-saving opportunities, conduct fleet replacement analysis, enter and review service orders, and consolidate company invoicing.

According to Bevers, Darigold has experienced considerable increases in productivity due to the substantial reduction in repair costs and downtime.

—Josh Bond, Contributing Editor

### Be aware of the “curve”

When customers build an awareness of what is happening in their facility, what’s happening in other facilities, and what options are available to them, they have set out on Polk’s maintenance awareness curve.

To create a maintenance program that anticipates and optimizes costs associated with the unplanned, customers will need to challenge assumptions and implement disciplined processes. Fortunately, there are resources available to make the transition justifiable and smooth.

“The tools to let customers know what they are spending have improved drastically over the last five years,” says Gaskell. “They don’t have any excuse not to know exactly what’s going on with their fleet.”

—Josh Bond is Editor-at-Large to Logistics Management and Lift Truck Editor for the Supply Chain Group