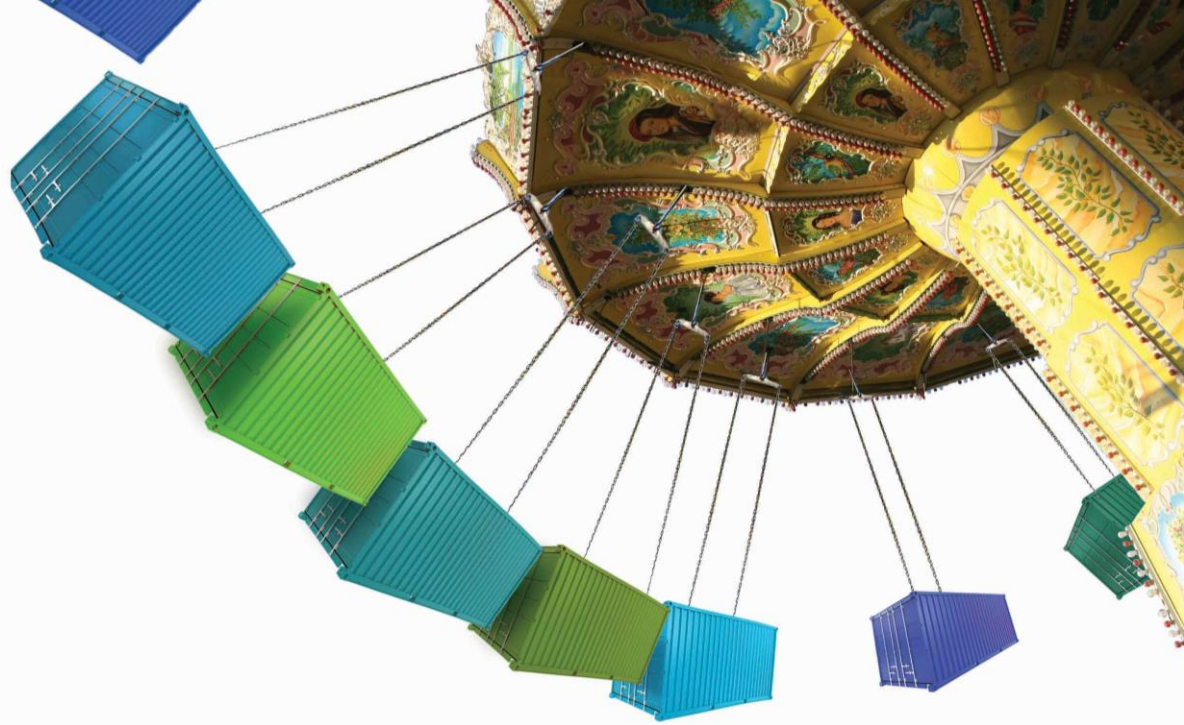


Modern Fleet Management

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And the markets expanded and contracted unpredictably!

- As modern corporations grew, many gradually acquired multiple locations to manufacture and distribute their products.
- In the same way these locations grew internally and added material handling equipment as the in plant demand for handling capacity grew and expanded.
- Sometimes this growth was slow and controlled or planned, but quite often the growth was random and driven by changes in product design, manufacturing techniques and handling requirements.
- Many of the material handling pieces then were procured for different processes and applications in quantities that related to production patterns long since ended.

- The result is that many facilities and locations today have a fleet that is a residue of past decisions and practices.
 - With the existing fleet and the expenses related to these fleets often under-exposed and too often out of control.

“We always have done it this way”



Operations, Accounting and Finance should all know, a year in advance, what material handling costs and replacement requirements will be for the coming year..

- **Any “managed fleet” that does not have the following elements is probably not a truly managed fleet:**

1. Accurate Inventory of Equipment including specifications
2. Accurate up to date and visible expenses
3. Accurate utilization details on each unit
4. Total Cost of Ownership “TCO” from individual unit thru entire fleet
5. Planned annual budget per unit
6. Planned replacement date for each piece of equipment

1. Accurate inventory

- Since 1989 BEB has done hundreds of plant and site surveys. The initial inventory list we were dispatched with on average was less than 30% accurate.
 - Having this inventory done by an agnostic third party is typically a catalyst to savings. Knowledge brings power.
- Many customer locations have rental trucks on a month to month basis that may in fact stay in the plant on a full time basis at a monthly rental rate that is typically far higher than lease rates or even ownership plans.
- Without a detailed specification, moving or procuring new units from centralized purchasing is a difficult to dicey proposition.
- Just knowing exactly what is located where by make, model and serial number is essential to fleet management.



2.Accurate Up-to-Date Expenses

- The variations on how expenses are incurred is daunting,
 - A trained agnostic third party empowered by your management can get these details into one basket.
 - Vague in-house maintenance services
 - Multiple vendor sources for same equipment
 - Parts bought off line on credit cards or on single dollar monthly billing accounts
 - Multiple accounting codes for the same services
 - Purposely vague invoice procedures

3. Accurate Utilization By Unit

- The thought is that if a unit exists and has a driver assigned that unit must in fact work the same hours as that driver.
 - The fact is that most industrial forklifts including those used on multiple shifts work around 1,250 hours per year. Pallet jacks and stackers even less.
 - Knowing the actual utilization is the first step toward building an understanding of how many units are required.
 - Knowing the actual utilization is crucial to getting lease terms and residual values correct.
 - Knowing the actual utilization is crucial to planning life of the piece of equipment.

4.Total Cost Of Ownership “TCO”

- Lease cost, purchase price, depreciation costs, service expenses, parts expenses, fuel cost, down-time and rental replacement costs are all part of the Total Cost of Ownership, “TCO”.
 - A professional agnostic third party can gather and present this information without fear of damaging a sales relationship.
 - Good vendor relations are essential to lower and maintaining the best “TCO”, but the vendor is a poor source for gathering all this information as they have a vested interest in the resulting numbers.
 - Historically, many of our clients looked at a good purchase price or lease rate as the answer and accept the back end maintenance and parts and rental costs as the cost of doing business. This leads to a higher than necessary “TCO”.

5. Planned Annual Budget

- Application, type of trucks, hours of utilization, source of maintenance, lease variables and other items enter into the equation, BUT it is possible with good software and good historical data to create solid and reliable annual budgets right down to the individual truck level.
 - Very few of companies today are staffed in a way to do the work necessary to create these budgets, but there are reliable agnostic third party providers who can do this work for you and provide not only accurate budgets, but create savings in the process.
 - Running a large and diversified fleet of anything, without a budget is a expensive gamble.
 - Detail visibility and pre-spend control are essential to success in creating and operating inside an annual budget.

6. Planned Replacement Date

- For years companies have purchased equipment and worked with it until it failed.
- Regrettably, they incurred far more expense and increased “TOC” in the failure phase than if they had a solid plan and budget that guided them thru the useful economical life of that piece of equipment and then replaced it, in a controlled and managed manner.
- Avoiding the downtime, work disruption, repair expenses and rental charges associated with a failing piece of equipment.
 - A hobbyist keeps something past it’s economical life because they enjoy some emotional or “collections” reward from having it longer than everyone else. In an efficient controlled production environment it is essential that the moving pieces can be counted on to produce the work when the work needs to be produced..

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