Equipment Maintenance

The balance between managing costs and productivity
Entered the forklift business in 1974.

Parts Counterman
Commission Sales
Branch Manager
General Sales Manager
Division President
Dealer Principal

Co-owner of J.M. Equipment Co., Inc
Manteca, Fresno, Patterson and
Sacramento Ca.

60 Technicians, 42 road vans

Nissan Forklift Pinnacle Award recipient.

Audie Burgan
President – J.M. Equipment Co. Inc

Who is this guy?
Equipment Purchasing Rationale

**Perceived Hierarchy of Values**

- Price
- Maintenance Costs
- Warranty
- Resale Value

**Actual Hierarchy of Values**

- Price
- Price
- Price
- Price
- Price
PRICE IS IMPORTANT

COST is MORE important.

The purchase Price is simply where this cost starts:

A SMART EQUIPMENT ACQUISITION STARTS WITH A FAIR ANALYSIS OF ALL OF THE FACTORS THAT DRIVE THE:

TOTAL COST OF OWNERSHIP
OVER THE
LIFE OF THE EQUIPMENT.
Analysis must take into account:

- Warranty
- Resale Value
- Parts Pricing
- Cost of Fuel
- Cost of Insurance
- Cost of Labor to Repair
- Equipment Longevity
- Lost Downtime
- Dealer Support
- Training
- Operator Wages
- Hard Costs
- Harder to Calculate
- Productivity
Operator does a quick walk around and fills out his inspection form. He notes that the main packing is wet, and that the radiator hose is seeping fluid at the inlet port. Since neither of these items are “operational failures,” he files his form and completes his shift.

For the next 7 days, the next day he makes the same notes and adds both hydraulic oil and coolant to the unit. On day 8, the unit blows packing while loading a truck and sprays hydraulic oil on the floor. A coworker slips on the oil and breaks an ankle, creating a new workers’ comp claim.

OSHA shows up for an injury investigation, noting that repairs were reported, but not acted on. They also find a trail of hydraulic oil and coolant all over the property, leading to a visit from the EPA.

You have just added exponentially to your total cost of ownership.
Service Policies

The policies in place surrounding equipment maintenance and repair have a lot to do with these “hard to calculate” expenses.

Do you have **WRITTEN POLICIES** outlining:

- Daily Inspections
  - Operational Inspections
    - Recordkeeping
      - Incident Reporting
        - Taking units out of service
          - Lockout / Tag out Policy
Service Policies

Maintenance and Repair are MUTUALLY EXCLUSIVE TERMS

Maintaining equipment is designed to PREVENT or mitigate the severity of needed repairs.

• Studies show that maintaining equipment based on OEM recommendations reduces repair costs by as much as 90% over the normal service life of the equipment.

• OEM dealers have programs that essentially “pre-calendar these items (based on your duty cycle), and perform affordable “on time” maintenance to keep the TOTAL COST OF OWNERSHIP low.
Maintenance is not just an oil change!

- Ignition Systems
- Fuel systems
- Transmission and differential
- Cooling Systems
- Hydraulic oil
- Brakes/Wheel Bearings
- Brake Fluid

Why the Dealer?

1.) Training – Technical Support
2.) Warranty Protection
3.) Proper Parts and Fluids
4.) Available 24/7

**BIGGEST REASON**

**YOU WONT DO IT ON TIME**

**THAT COSTS REAL MONEY**
Other Dealer Benefits

- **Compliance**
  - OSHA, ANSI, EPA, all need to be dealt with at some point. Is your welder certified? Do you really want to keep all of those MSDS materials on hand, or outsource that to people who do it for a living every day.

- **Parts Availability**
  - If a dealer is servicing your equipment, he most likely will STOCK what you need. Some dealers even have program to consign parts stock right at your facility.
Other Dealer Benefits

- **Operator and Hazard Training**
  - Most dealers have in-house or contracted services to provide operator training. In many cases these services can be added onto a maintenance contract and billed monthly.

- **Mitigated Liability**
  - Outsourcing maintenance gives you a partner in the process with something to lose if things don’t go right. Those reports will never get ignored if they come from the dealer instead of the operator. Urgency increases, and recognition of problematic issues are documented and dealt with.
AT MINIMUM

- Have a full inspection policy. Not only record, but REPORT to management verbally as well as on paper.

- Train operators on WHEN the equipment should be TAKEN OUT OF SERVICE. When warranted, have a lockout/ tag out policy established and understood by all.

- Operators Manuals should be on every piece of equipment, and the operators should know where they are if asked.
**AT MINIMUM**

- Ensure that all operators can read and understand the data plates on the machine they are using. Do they know when it’s overloaded?

- Make sure all operators are certified, and RE-CERTIFIED every three years (for lift trucks). Having that data on hand during an OSHA VISIT is very important.

- Keep MSDS materials up to date. Changes were made by OSHA in 2013 regarding these data sheets, which now have to include pictograms and simplified coded information about the hazards of any substance. For information on the new ruling see https://www.osha.gov/Publications/OSHA3642.pdf
Equipment Maintenance

QUESTIONS?