

ASSOCIATED *advantage*

PROVIDING INNOVATIVE SOLUTIONS WHICH OPTIMIZE STORAGE AND ORDER
FULFILLMENT WITHIN THE SUPPLY CHAIN

How Much Does Your Lift Truck Fleet Really Cost?

As businesses focus on supply chain effectiveness and cost efficiencies, knowing how to effectively manage your forklift fleet is more important than ever. Lift Truck Fleet Management and Optimization Programs (M&O) have been embraced on an increasing level to accomplish this goal.

To understand how an effective Fleet M&O Program can work for your company, we must first explore and understand all the components that go into the total cost of lift truck ownership, such as purchase price, interest expense, electricity, maintenance and labor.

The two components that most all companies focus on as they are the most obvious are purchase price and interest expense. However, these two items make up only about fourteen percent of the total cost of ownership. Additionally, due to forces out of your control, there is little that can be done to affect these costs, and when that is possible, it can only be minimally impactful.

However, the remaining eighty-six percent; electricity, maintenance and labor, are costs that you can control through the use of an effective Fleet M&O Program.

Given the increased awareness regarding the importance of sustainability, many companies are placing increased focus on reducing energy costs and electricity, which contribute to five percent of the total cost of ownership. As electric lift trucks draw more amps they require more frequent battery changes which increase electrical costs as well as decrease labor productivity.

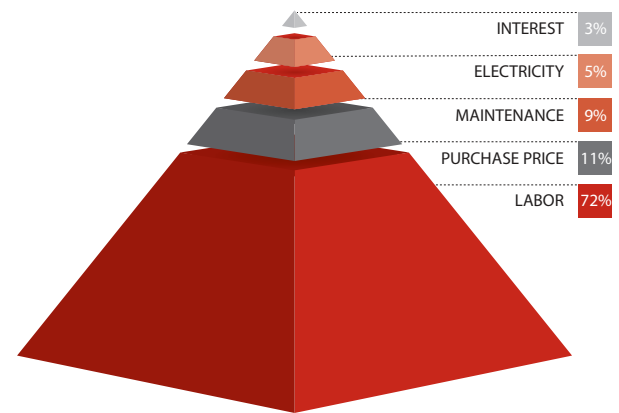
The traditional component of any Fleet M&O Program is maintenance tracking, as repair costs make up about nine percent of the total cost of ownership. Although this is an area of significant opportunities, many companies focus solely on the accumulation of this data and not what to do with it, therefore missing areas of potential cost reduction.

Finally, the largest percentage of your total lift truck cost of ownership also happens to be the most overlooked, leaving the best opportunities to significantly impact your bottom line on the table. Labor costs make up about seventy-two percent of your total cost of ownership but often go unnoticed because they tend to be hidden costs or are assumed to be uncontrollable.

By simplifying processes, reducing touches, combining tasks, shortening travel and eliminating steps, labor and cost can be further reduced in the warehouse operation.

As lift trucks exist to move product, factors impeding the optimization of throughput should be analyzed. These include dispatching, inventory slotting and order packaging. It is important to note the efficiency of these functions not only impacts productivity but labor costs as well. Once the utilization is analyzed, lift truck fleets can be right sized for the application which often is the most important benefit of a Fleet M&O Program. For reference, conservative estimates have \$52,000 of labor and operational costs being saved annually for every lift truck reduced from the fleet.

Although gathering all of this information can seem like a daunting task, there are software tools available on the market today that can compile various data points by using data capture technology embedded on the lift truck. Accordingly, material handling operations have the ability to immediately evaluate electricity, maintenance and labor metrics and act upon the information that directly shapes their bottom line.



Need More Space?

Examine The Steps To Take When Determining When It Is Time To Modify Your Existing Operation

You have been so focused on working to grow your business that one day you wake up and realize that you've outgrown your facility. So what do you do? Do you have the capital or time to knock it down and start from scratch? What are your options and what is the best way to attack this problem?

After determining that your plant in its current state can't sustain your growing business you are left with three choices:

1. Relocate your operation to a larger facility. This is your most expensive option.
2. Do nothing and modify your operations to fit what you have and deal with it until you no longer can. This can be the most cost-effective alternative to satisfy a short term need, but it may cost you more in the long run.
3. Evaluate your operations and determine the feasibility to expand and/or modify your current layout and processes. This option is, in most cases, your best alternative, from both a capital and operational perspective.



No one answer fits all, but given the right engineering resources you can typically solve your problems in a way that won't strain you financially. For purposes of this article let's examine item #3 a little further.

In many cases by modifying your current storage and order fulfillment processes you will be able maximize the use of your current space and create a more efficient operation. This process must first start with a review of the limitations of the existing plant layout and the inefficiencies of current storage and order fulfillment methods.

The first step to tackle this problem is to meet with your internal team and discuss the issues with the current facility and how they impact your operation and your bottom line. Be detailed, very thorough and prepare a comprehensive list. The next step is to rank those in an order from most problematic down to minor inconveniences.

After you complete this initial step, you need to seek the expertise, either internally or outside your organization, to perform an operational efficiency analysis. This will help to determine areas of opportunity, remedy the prior issues and determine what the budget would be for each.

The core of this approach focuses on thoroughly evaluating a company's order activity and should result in and actionable recommendations to optimize labor, storage resources, material handling equipment and business systems.

These recommendations should be pragmatic and cost-effective solutions to your problems and stay within your budget. If done correctly, generally companies can realize payback periods of twelve to eighteen months by implementing the recommendations resulting from a well-developed operational efficiency analysis.

Getting Social Networking To Work For You

How to Utilize LinkedIn.com as an Educational Resource

In today's world there are so many platforms to use for communication that entering the world of social networking can seem a little daunting at times. However, effectively utilizing social networking platforms such as LinkedIn.com can provide you with a wealth of information not available anywhere else.

In the business world, LinkedIn has become the standard for social networking, as the world's largest professional network with over 120 million members and growing. Other than offering you the ability to easily connect with trusted contacts, LinkedIn is a great resource to use for exchanging knowledge and ideas with a broader network of professionals. One of the ways LinkedIn.com can do this is through a recently added feature called "Answers".

LinkedIn Answers is one of the best places on the web to share business knowledge, as it allows you to broadcast your business-related questions to both your network and the greater LinkedIn network. The premise is that you will get more high-value responses from the people in your network than more open forums. For example, here is a question a supply chain professional might ask: What are some methods to enhance my space utilization?

Asking a question is quick and easy: enter your question and select the appropriate category to place it under. Additionally, you can then send your question by LinkedIn e-mail to connections you think may be able to help so you can make sure they don't miss it. Your question will immediately appear under the Answers tab on your profile, on the LinkedIn home page of your connections and LinkedIn e-mail, if you sent your question to any specific connections.



Creating a Greener Warehouse

5 Tips That Will Help You Reduce Costs and Create a More Sustainable Environment

Reduce Your Travel Distance

Your forklifts travel a substantial number of miles each year, including many that are probably unnecessary. Many times forklifts are traveling more than they need to because of inefficient product slotting. Reducing the distances these workhorses have to travel within your facility will minimize your energy costs.

Warehouse Lighting

Switching your facility's older lighting fixtures for more current, energy-efficient lighting could wind up saving you up to 75 percent on lighting energy costs as well as provide some potential tax benefits.

Motion Sensors

Motion sensors and light timers aren't just useful for security. They also can be used to make sure certain areas of your facilities are lighted only when personnel are actually working in those areas.

Dock Doors

Take a close look at your facility's dock doors. Do they open and close slowly? Do they contain adequate insulation, and are there breaches in the sealing around them? If so, they could be contributing to thousands of dollars' worth of temperature loss. To hold warm or cold air in longer and reduce your associated heating and cooling requirements, consider installing newer, faster moving doors at your docks.

Recycle

Recycling of materials in the warehouse can significantly reduce waste. Sending used packaging and packing material to recycling facilities rather than waste facilities is the environmentally correct decision to make. However there are many instances in a warehouse where recycling is also appropriate such as the recycling or environmentally correct disposal of batteries, oil and chemicals. Additionally, many companies will actually pay you to dispose of these items and insure compliance with all laws affecting their disposal.



Associated University Presents...

Impact Your Bottom Line by Reducing Energy Costs

Wednesday, April 11, 2012, 12:00 PM - 1:00 PM CDT

It is the problem of every operations manager today, how to do more with less. You have to be more productive with limitations on space, personnel and budget. One element that is often overlooked but can have a substantial impact is energy consumption.

If you would like to learn more about how to reduce your energy costs while increasing productivity and creating a more sustainable environment, then join us for this free educational webinar.

This webinar will provide you with additional insight to warehouse solutions that focus on reducing energy consumption and increasing productivity, including:

- **Reduce Energy Consumption** – through the use of lift truck and charging technology solutions
- **Increasing Productivity** – reducing energy consumption does not mean you have to sacrifice productivity. Let us show you how implementing these solutions will increase your overall productivity.
- **Lowering Costs** – real world examples that demonstrate true cost savings by implementing these solutions.

From the real world perspective of an experienced industry expert you will gain insight into the latest economic and ecologic technologies that can impact your bottom line.

To register for this event, please visit:
<http://www.associated-solutions.com/edge>



ABOUT ASSOCIATED:

Celebrating over 50 years of providing customers with innovative solutions that create sustainable value within their supply chain, Associated has become a leader in providing reliable, cost effective material handling equipment, systems and support that optimize space, increase customer productivity, enhance safety and reduce costs. Featuring leading edge engineering and fleet management services to complement industry leading sales, service, rentals and parts, Associated has been the recipient of multiple awards in recognition of being a premier organization in the material handling industry.



Innovation • Sustainability • Reliability



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ASSOCIATED
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Do You Know...

THAT ASSOCIATED HAS NEW VALUE ADDED SERVICES

Electronic Invoicing - This new feature will help to ensure all of your invoices are received by the correct person in a timely fashion. It will also serve as a mechanism to eliminate paper and the related inefficiencies of handling, storage and disposal.

Online Work Orders - This new feature allows you to view, search and download all of your service work orders from a new exclusive portal on our website.

Both of these services were designed to enhance your experience with Associated and to do our part in creating a more sustainable environment.

To set up your account please visit our website at www.associated-solutions.com and click on the "Customer Logon" Tab at the top right hand corner of the page. This will bring you to the appropriate page to request your account setup.

