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As featured in



**FORKLIFT
ACTION**



The logistical headaches of the past are becoming full-blown migraines.



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The recent Forklift Truck Market Outlook report contained broadly happy news for the industry: in the warehouse segment, the number of total annual orders increased by 14.1%, reflecting the growing shift towards online purchasing. Of course, those in the industry will know that this shift is roughly commensurate with an uptick in overall pressure on resources and budgets.

Indeed, the logistical headaches of the past are becoming full-blown migraines. Same-day delivery is becoming a highly desirable service, next-day delivery is considered the bare minimum, and even hourly delivery is no longer the exclusive preserve of the fast food sector. This rise in expectations corresponds to an increase in costs: over 50% of those surveyed anticipate a rise in forklift truck prices.

To stay competitive, you need to have an expansive, efficient fleet. To get the most out of your equipment, you need it to be as current as possible. To boost profits, you have to carefully manage budgets.

None of this will be news to you – but the advent of the subscription economy and other forms of finance may help you in the pursuit of these goals. Here's how.

1. FLEXIBILITY

Busy sales periods now cause as much panic and chaos for warehouse personnel as they do for customer-facing staff.

Put simply, it's not easy to adjust your fleet size and keep your finances under control. Buying more forklift trucks may seem like a practical solution, but when the seasonal clear-out is over, you may find yourself with rather limited use for them. Not buying more forklift trucks is also not the answer: overexerting a small fleet is likely to lead to breakdown and delays.

Instead of purchasing the assets you need outright, a three-year lease will allow you to pay more during periods of heavy custom, and less during quieter periods. This affords you the flexibility of a greater fleet and more control over your budget.

2. EASY UPGRADES

Of course, quality is as much of a concern as quantity. Every asset comes with built-in obsolescence, and as technology improves and automation rises to prominence, forklift trucks have shorter shelf lives – assuming they continue to function. Degradation and maintenance remain major concerns, and if your fleet is in poor shape, it can become a recurring drain on your resources.

The promise of subscription models is that they enable you to use the best possible equipment at all times. Why? Because suppliers depend on monthly recurring revenue instead of one-and-done transactions, so they're incentivised to offer you good deals on favourable terms. When you can source machinery in this way, you can ensure you're always using the very best tools on the market – maximising productivity and minimising expenditure.

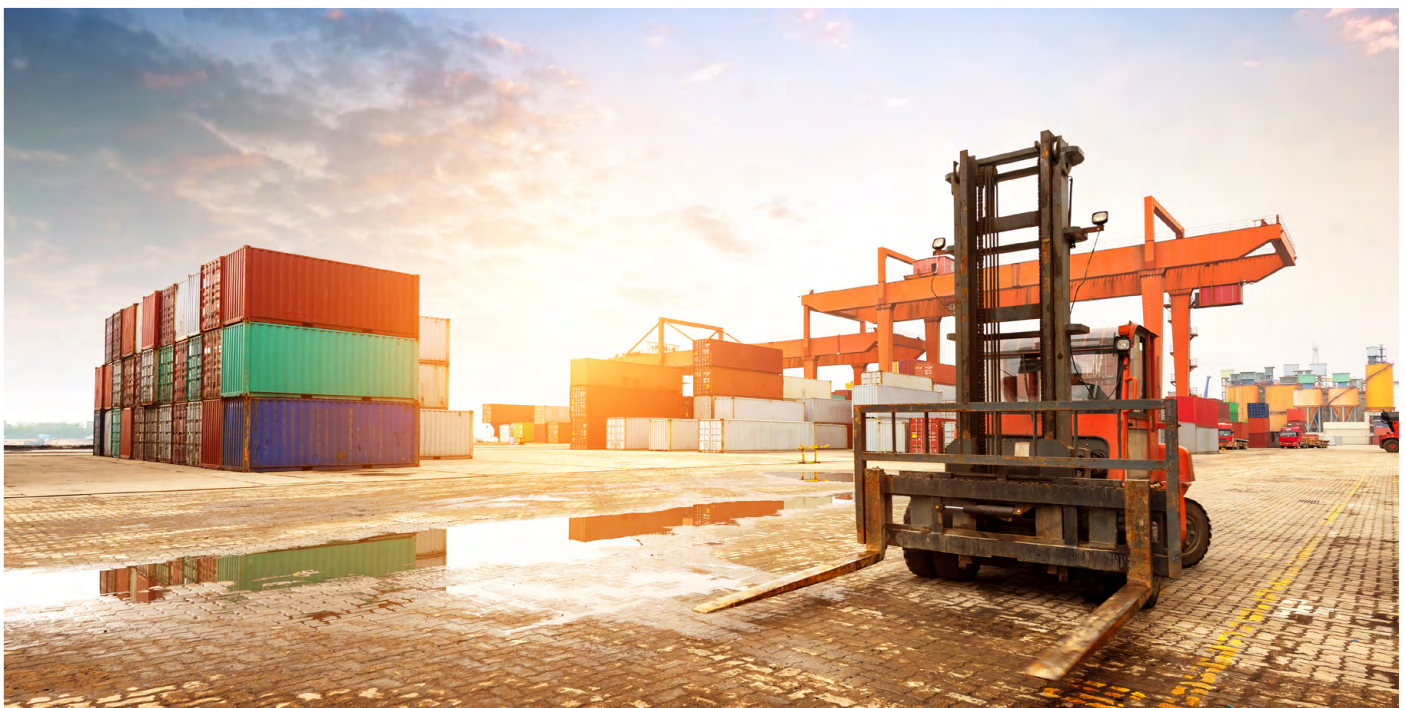
3. TAILOR-MADE SERVICE

The materials handling industry is diverse, and every company has complex, diverse needs. Some will depend largely on Automated Storage and Retrieval Systems (ASRS) for stock retrieval; some will have the bulk of their picking and packing done manually; some will need forklift trucks only for heavier goods. There's no one-size-fits-all solution. Custom service is a necessity and yet is curiously rare: if you need multiple products, or multiple combinations of multiple products, a viable deal or offer is often lacking.

Again, suppliers who use a subscription model are naturally inclined to make sure you get the bespoke package that your company requires. Operating leases and asset finance agreements are conducive to a la carte deals: suppliers will often endeavour to provide whatever combination of products, vehicles, and services you need in a scalable, cost-effective fashion.

It's a long-term relationship rather than a one-night stand. Naturally, it comes with certain parameters, and you'll want to have your accountant look over any agreement before you sign it. But within those parameters, your logistics company can benefit from greater freedom, greater flexibility, and greater control over its finances. The world of subscriptions and alternative finance has levelled the playing field: ambition, strategy, and wherewithal trump sheer size and monetary clout.

If you don't have the latter, make sure you have the former. If you're clever about how you finance your forklifts, you can scale at will, you can limit your outlay – and you can make obsolescence a thing of the past.



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