

MANAGED MAINTENANCE VS. CONTRACT MAINTENANCE

This case study is a comprehensive comparison between Contract Maintenance and Managed Maintenance with regards to locations with similar fleet sizes and utilization.



OVERVIEW

Fleet Team analyzed all Repair & Maintenance spend from January 1, 2010 through May 16, 2022.

The sample size used for this study included 1,996 forklifts, both in service and retired. 1,252 forklifts in Managed Maintenance and 744 in Contract Maintenance.

TERM DEFINITIONS

- **Managed maintenance (MM)** is a flexible repair and maintenance program with a budgeted maintenance amount that includes all repairs, services, and modifications to your fleet.
- **Contract Maintenance (CM)** is a restrictive repair and maintenance program with a fixed budget/term but does not include damage, tires, or other modifications regardless of monthly budget allocation.
- **Cost per hour (CPH)** is the cumulative expense the asset is incurred divided by the utilization of the asset (hours).

BACKGROUND

42

Locations

75

**Original Equipment
Manufacturers**

5,234

Material Handling Assets

39

Vendors

13,338

Invoices Annually

RESULTS

R&M SPEND/UNIT*

CM \$19,595

MM \$10,881

*For suppliers who operated in CM and MM locations, the difference was even greater - up to \$14,217/asset.

TOTAL DAMAGE**

CM \$4.7M

MM \$3.1M

**\$1.6M more was spent on CM despite having 500 LESS units in the study.

COST PER HOUR***

CM \$2.55

MM \$1.69

***Less than 1% of CM units were cheaper than MM units.

FINDINGS

Managed Maintenance programs had nearly HALF of the R&M spend per asset as those in a Contract Maintenance program.

\$1.6 million in additional damage in CM programs over MM programs despite 500 fewer assets. Damage is outside of the CM and billed separately to the customer.

MM FLEET

- 1,252 Trucks (active and retired)
- These 1,252 trucks accumulated \$15,223,276 worth of LTD expenses. Of this, \$3,178,275 was damage.
- Based on the LTD expenses, the CPH for this fleet is \$1.69.

CM FLEET

- 744 Trucks (active and retired)
- These 744 trucks accumulated \$7,898,855 worth of LTD expenses. Of this, \$4,780,55 was damage.
- Based on the LTD expenses, the CPH for this fleet is \$2.55.

IMPACTS OF CM

- No Invoice = No Data
- No Data = No Visibility
- Guarantees Profit for Dealer
- Decreases Accountability for Dealer
- Establishes a Spend Floor
- Eliminates COI



SUMMARY



This case study has shown that significant cost savings and transparency is achievable when utilizing a MM program over a CM program for the repair and maintenance of your MHE fleet.



Companies that utilize a CM program for its relative ease of implementation are doing so at their own peril as costs and accountability are difficult to track and enforce.



Using a MM program that is overseen and implemented by an independent fleet manager enables companies to reduce R&M spend, increase spend transparency, implement COI initiatives, and track Total Cost of Ownership of your fleet.