What are the Decision Points to Consider Between buying New or Used Forklift Equipment

Most people like the idea of having a new forklift with the latest technology and zero hours, but the reality is that budget constraints will usually force a decision between buying a new or used forklift. If you have ever made a decision between a new or a used car, the process is not too different.

But, unlike cars, where most people tend to take good care of them, maintain them and avoid scratches and dents, forklift operators are a different breed and damage to a used forklift is oftentimes, very obvious. More so than the cosmetic appearance of a used forklift, one must take into consideration how the engine, steering, brake and hydraulic systems have been maintained. Were regular PM’s performed, how frequently were the oil and hydraulic fluids changed, how often was it lubed and were the fluid levels well maintained in the cylinders. If it was under a lease with warranty and maintenance then you can pretty well expect that it was well maintained. If not, you will probably find it difficult to obtain the service records on the unit.

New Vs Used Cont.

The reliability and safety of new equipment cannot be disputed and you should expect, for the most part, a new forklift will help to avoid downtime costs and potential accidents.

At issue here is the fact that there are significant savings potential in buying a used forklift if you know what to look for.

Take an example of purchasing a brand new, electric forklift in the 3,500-5,000Lb capacity range. Depending on brand, in today’s market a new forklift will cost you between $18,000-$25,000. A new battery will cost around $5,000 and a new charger between $1,500-$2,000. Finding a similar new IC (internal combustion) forklift will run from $17,000 to $24,000 depending on configuration and options.

Now, compare this to buying a reconditioned used electric forklift with a 3,500-5,000 pound capacity with a used battery and charger that will cost between $9,000-$15,000. A reconditioned used IC forklift with a 5,000 pound capacity will run in today's market from $11,000 to $15,000 or a 30%- 50% savings.

One of the key components to purchasing a used forklift is ongoing maintenance. If you purchase a unit that was made between 2000 to about 2007, most any mechanic can work on the engines and other moving parts. Past 2007 and the EPA rules and regulations start to kick in meaning only a certified technician with a lap top computer can diagnose and repair the unit. These technicians usually come from local branded dealerships and get billed out at about 45% more per hour than a regular forklift repair technician. Think about taking your car to a dealership versus a local independent mechanic! Which will cost more?

Note: This 2000-2007 Date range has become a real sweet spot for shoppers of used forklifts in todays market. As such, demand is way up and supply is way down causing an increase in costs for many buyers.
Ongoing Maintenance costs

The initial savings must be offset with ongoing operating/maintenance and downtime costs. These can vary widely based on the type of lifttruck purchased. For example, assuming a 250 day and a two-shift workday: Annual Maintenance cost range;

- Used Electric Forklift- $1,500 to $2,000 plus electricity for daily charging.
- Used Diesel Forklift- $1,500 to $3,000
- Used LP Gas Forklift- $2,000 to $3,000

*Rates are estimates and vary based on location and forklift size in addition to type & amount of use.

New units will usually come with a factory warranty or placed under a maintenance program which also carries an added cost.

Although the final decision between new or used depends on your specific situation, most experts indicate that a carefully chosen pre-owned forklift is the best option if the used forklift is:

- Used on a single shift daily or only used on occasion
- Used no more than 5 days a week
- Used no more than 5 hours a day
- Not part of a heavy duty, not-stop warehouse environment

Where You Buy a Used Forklift Matters

Many people will buy a used forklift sight unseen from a distant dealer location. Just as there are differences with ethics amongst used car dealers, you will find similarities with used forklift dealers. Most people have an opportunity to “test drive” their used car before buying. That is not always the case with a used forklift. There has to be a level of trust between the buyer and seller but you can also do some due diligence on your own. Look for:

1-How many years has the dealer been in business?

2-Are there photos/videos of the unit from many different angles and from a close-up position versus 1 grainy photo taken from a long distance away?

3-Check the old standby Better Business Bureau.

4-Look for Google, Blog and other sources of reviews.

5-What kind of warranty does the dealer offer (usually only a parts warrant if the unit is shipped out of their immediate area of operations). 90 days parts return is a good benchmark to seek. If anything was missed, it should surface within the first 90 days.

6-Are you buying a unit “as is” or is it being reconditioned. Ask to see the dealers reconditioning checklist of what is addressed in their process. If you are buying “as is”, get ready for some unpleasant surprises. Painting may be little more than putting lipstick on a pig.

7-Lastly, you must consider the transportation costs of getting the forklift delivered to your doorstep. It is usually calculated in weight and distance. Most dealers have business relationships with forklift transport companies and can provide you quotes based upon your zip code.
Choose carefully from whom you buy:

Individuals
By far the riskiest choice for buying a specialized piece of equipment like a forklift, especially from someone you don't know. In many cases, they are merely unloading a problem on somebody else and do not have to worry about any negative impact on their reputation if something goes wrong. “It was sold as is”! And, if something really goes wrong, you will have a difficult and expensive experience using the court system to try and recoup your losses.

Forklift Fleet Owners and Lease holders
Large businesses often replace old machines about every 5 years and can be a great source for finding a good deal. You can get a good idea of what the forklift has been through by understanding their business, requesting maintenance records and you can have recourse with a large company versus an individual. Many times, these fleet trucks are on lease and go back to the leasing company or bank at the end of their term. They do not want the asset and are more than willing to make a deal on their used equipment inventory although usually it is in an “as is” condition. Never seen a banker turn a wrench!

Used (reconditioned) Forklift Dealers
These are dealers not associated with a particular brand but sell used, Repo. and off-lease lift trucks. Many of these sources are available online with a national and international coverage. They bring a lot of the benefits of a manufacturer dealer with the value of not forcing you to consider only one brand. Look for dealers that recondition their units before selling them. You will pay a little more but will have the peace of mind that what arrives will probably work, operate like new and look like something you will be proud to have delivered. Look for dealers that have their own paint, welding and mechanical shops. Also look for dealers that carry parts for most major brands.

Certified Used Forklift Dealer
Many authorized brand dealers certify their used forklifts and perform extensive overhauls if necessary to make sure the equipment runs like new. In most cases a warranty of some period will also be given. They will be more expensive (similar to a certified pre owned car at a car dealership) but can represent a significant savings over purchasing a new unit.

A major consideration in the choice of both a brand and source for a used forklift is ongoing maintenance costs and availability of parts and local service. Most cities will have a Toyota, Caterpillar or Hyster dealer or independents that advertise services for these and many other brands. These well known brands also have a plethora of channels for obtaining spare parts locally or overnight. Look for engines that are also used as automobile engines like a GM. You can go down to your local car parts store for spares!! Lesser known brands may make finding somebody that can work on them a challenge and getting spare parts even more so.
Upfront savings can quickly be wiped out if maintenance and downtime start costing your business profits, not to mention the aggravation involved. Once you have narrowed it down to your potential suppliers, you need to have the right questions ready.

1-What is the year and how many hours are on the truck? (remember to look for that sweet spot)

2-Do you know where the unit was used? (If they say a concrete plant, scrap yard, seafood processing plant or any other hazardous, caustic environment, run for the hills). Conversely, many buyers avoid units that have been in operation in the “big box” companies like Home Depot, Lowes, Wal-Mart, Coca-Cola and others where the units are utilized 24 hours per day for up to 350 days per year. Just too much wear and tear even though it may be a late model unit.

3-What is included in the re-conditioning process?

An inspection should include operation by a certified technician to put the used lift truck through its paces to evaluate its basic working order. At a minimum your checklist should include:

- Mast operation, both without a load and with the forklift’s full rated load at maximum height.
- Look For Smooth Operation. An experienced operator will know the feel of a good functioning forklift and avoid machines with any binding, slippage or strange noises.
- Look for leaks. Any leaks, even seemingly small ones, are red flags. After the truck has warmed up, check the mast and tilt cylinders, transmission, engine, differential, steer and drive axels and radiator carefully. Look closely at all hoses for excessive wear and tear, nicks or cuts.
- Check the tires or make sure new ones are included in the reconditioning process.
- Make sure the inspection includes the engine, transmission, brakes, steering and hydraulics.
- If you are buying long distance, ask to see a video of the machine in operation. Today’s cell phones have pretty decent video capabilities and although it won’t be professional, you will get to see your unit operating and functioning before you make final payment and it is delivered to you.

A careful and methodical approach to purchasing a used forklift can save thousands of dollars and give you the peace of mind that you are making a good expenditure of your company’s money.

Lease Considerations: many banks and leasing companies are currently offering very attractive lease rates for new and used equipment for as long as 48-60 months. In addition, the Section 179 Stimulus bill makes purchasing (or leasing) a new or used forklift a very attractive financial consideration (see www.179.org).

Now more than ever before, more and more companies are using forklifts in their day to day operations and have come to rely on them for getting their daily work done. Although it may not be consciously considered a critical element of their operation, just have it break down and watch all fury break loose.