



**TIGHT BUDGET?**  
**CONSIDER USED AND RENTAL OPTIONS**  
**FOR YOUR BATTERY & CHARGER NEEDS**







## KEEPING UP WITH CUSTOMER NEEDS

Running a warehouse/distribution center can be a massive (and expensive) task. Customers who are downstream of your warehouse in the supply chain are demanding ever-increasing levels of efficiency and reliability. Keeping up with these demands often requires making significant investments in new battery and charging equipment so you can increase productivity and keep up with your customers.

When it comes to motive power items such as forklift batteries and chargers, there seems to be no end to the needs of a warehouse. However, buying all of these resources “brand new” can be prohibitively expensive. This is where renting or buying used warehouse equipment can be handy.

Batteries and chargers have, historically speaking, been purchased most often from the fork lift truck supplier with the lift truck acquisition as a “complete package.” This complete package rolls the cost of the battery and charger into the cost of the forklift. We are starting to see a change in thinking by forward-thinking customers who want to get more use out of their existing forklift fleet without the expense of buying whole new forklifts or whole power packages. Consider the answers to the following questions:

## KEEPING UP WITH CUSTOMER NEEDS (CONT.)

### Q: Why buy or acquire your 'Power Package' all at one time?

A battery/charger package is the fuel source for your lift. When you buy a new car, do you purchase the next five years of fuel with the vehicle? Most surely, the answer is "NO." So, why buy your lift truck fuel with the forklift? Smart forklift users are beginning to look at batteries and chargers apart from the lift truck! And, these users are paying for them over the desired time that the battery will produce results for them at optimal levels is the smartest move of all.

### Q: Why let the forklift salesperson tell you what battery/charger package is right for you?

Most likely, the sales person is going to lean towards the lowest price package he can find and mark it up to optimize the profitability of the "deal." As professionals in the motive power business, we encourage forklift buyers to take responsibility for what they are getting in the power package that comes with a new or used forklift purchase!

Buying used or renting forklift batteries and chargers helps warehouses minimize their capital expenditures while expanding their work capacity and efficiency so they aren't left behind by their competitors.

In the following sections, we'll take a look at some of the benefits of renting forklift batteries and chargers for your warehouse or buying it used, and some situations where one of these options would be most beneficial.





## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS

### To Save Money

The number one reason most business owners decide to rent equipment such as forklift batteries and chargers rather than buying new or used is to provide a near-immediate cost savings for their warehouse operations capital expenditures.

Depending on whether the equipment is rented on a per-week, per-month, per-quarter, or per-annum basis, the immediate costs of the rental may be a fraction of the cost of buying the equipment outright. Here are a couple of examples:



Example #1. Battery Model 12-125F-15 (Stock Picker Battery) New Cost \$5040, Monthly Rental Cost \$298. At this rate, it would take more than 16 months for the rental costs to match the cost of buying a new battery.

Example #2. Battery Model 18-85-21 (Sit Down 4-wheel Rider Forklift) New Battery Cost \$7150. Monthly Rental Cost \$625. At this rate, it would take over 11 months for the rental costs to match the cost of buying the battery new.

**Note:** Batteries and Prices shown above are for illustration only. Subject to availability. Prices may change slightly due to rental battery ages and conditions. Warranty programs are available on used batteries and chargers. Local delivery, set-up, and programming fees may apply.

## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS (CONT.)

### To Meet Short-Term or Seasonal Needs

Another reason that many warehouse owners/managers decide to rent forklift batteries and other motive power equipment is to meet a temporary or short-term need.

For example, say that a warehouse serving the food, beverage, and produce industry needs to prepare for a seasonal shift in their workload so they can prevent spoilage and keep up with demand. Buying new equipment just for a seasonal spike in demand could prove wasteful since, once the increased demand is over, the extra equipment would then be sitting idle until the next busy season kicked in.

This would lead to wasted space and money sitting on the warehouse floor doing no good.

With rented motive power equipment, the warehouse could easily expand its capacity to meet the seasonal spike in demand, and then return the rented equipment once it was no longer needed. This would result in a much smaller overall expenditure than buying new, save space on the warehouse floor during the non-busy season, and avoid consuming time and labor on maintaining assets not in use.





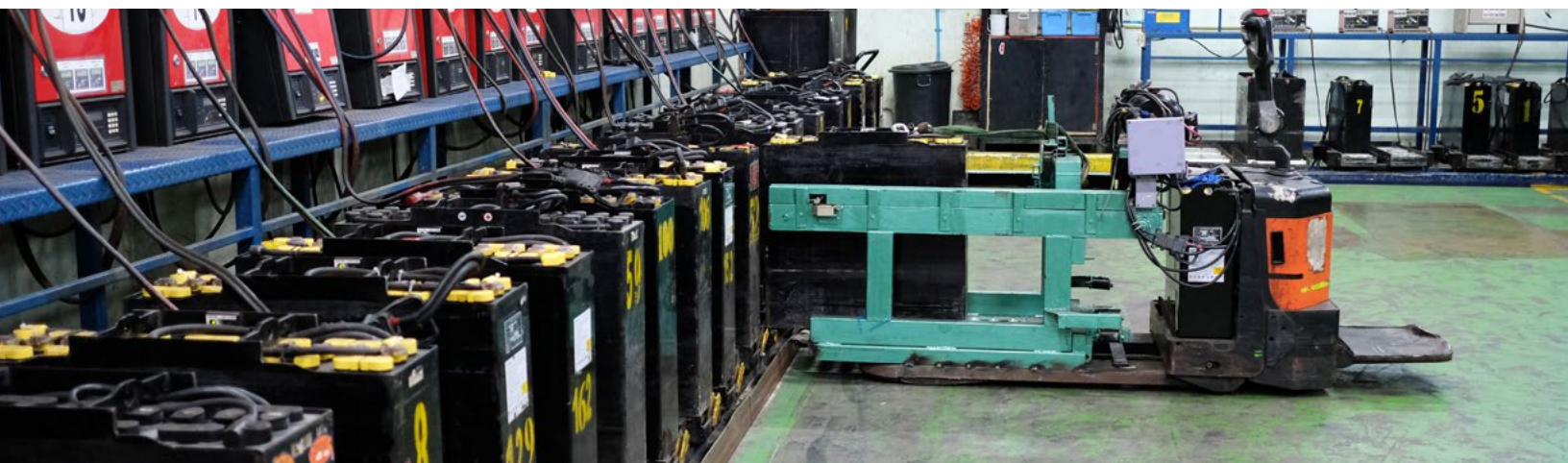
## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS (CONT.)

### To Help Prepare for Growth/Expansion

Expanding warehouse operations may require numerous investments in remodeling a warehouse, acquiring permits, and adding new staff. This can easily lead to tight budgets that cannot easily absorb the cost of buying new warehouse equipment outright.

Renting motive power equipment instead of buying it outright can help warehouses improve productivity and prepare for future growth without adding a major budgetary burden that will take a long time to pay off.

Some battery and charger equipment renters can offer a “Lease to Buy” program where payments made for rented or leased equipment can be applied to a purchase later on. This is particularly useful for customers that have budgets that are going to be released in a few months, but a forklift battery or charger is needed as soon as possible.



## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS (CONT.)

### Because Some Assets Have a Limited Useful Life

Many assets used in a modern warehouse have a limited useful life. Once the asset exceeds that useful life, it typically suffers from compromised performance. For example, one of the major challenges of maintaining an electric forklift fleet is that the industrial batteries used to power them typically last for roughly 1,500 charging cycles. If charged once daily when at the 20-30% charge left mark and properly maintained, a forklift battery should last around four to five years.

Around that time, or slightly earlier, forklift operators may notice that the battery doesn't seem to hold a charge as well—a battery that once lasted a full eight-hour shift may now only last for about four hours before running down. If the battery was one owned, a replacement would then have to be purchased—and the original battery properly disposed of.

To change the status quo for these end users, SSE offers a “Three Years and Out” lease\* wherein the original acquirer of the battery keeps it for three years and we replace it with a new battery. One that is ready and able to run the complete shift.

By periodically switching out assets that are approaching the end of their usefulness, warehouse owners and managers can help reduce spikes in capital and operating expenditures that are associated with handling end-of-lifecycle battery equipment.

**\*Note:** Conditions do apply, so please contact us if you think you have a need for this highly flexible battery lease plan.



## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS (CONT.)

This can also apply to keeping a warehouse operation's equipment up-to-date as industry standards change. When equipment is no longer able to meet the needs of the warehouse, it can be cycled out for new warehouse equipment that will meet said standards.

### Special Note About the Maintenance of Rented Equipment

When you choose to rent batteries or chargers, it's important to verify with the rental company who is responsible for what maintenance on the rented equipment. In many cases, daily maintenance items, such as checking that lead-acid industrial batteries have the right amount of water in them, will fall on the renter putting that equipment to use. In other cases, the rental company may offer a separate maintenance plan to keep your rented forklift batteries in top shape for the duration of the rental.





## REASONS TO RENT FORKLIFT BATTERIES AND CHARGERS (CONT.)

With Southern States Enterprises, we offer a separate maintenance plan for warehouse owners that want to avoid the hassle of handling all maintenance issues internally.

We highly recommend that rental and/or leased forklift batteries be accompanied by a maintenance program. The frequency and cost of the program will depend upon the hours of use the forklift will run—the more use the equipment gets, the more frequent the maintenance should be. Under ‘normal’ operating conditions of around 1500 operating hours per year, normal maintenance on the battery and charger should run between \$45 and \$65 per month, per battery. Maintenance programs are tailored specifically to the customer and the application.

Battery watering programs are also available for fleet users.

Outsourcing the maintenance like this can be very useful for both keeping your rented warehouse equipment in top shape and for avoiding having to pay replacement costs/penalties for under-maintained equipment.





# WHY BUY USED FORKLIFT BATTERIES?

In the previous section, we brought up how forklift batteries have a limited useful life. With that in mind, why would a warehouse manager want to acquire used forklift batteries? After all, wouldn't previously-used batteries be closer to their maximum useful life, thus requiring replacement sooner rather than later?

The primary reason is that buying used provides the benefits of owning the equipment for a fraction of the cost of buying new—which may provide a long-term savings over renting for forklift batteries. Consider the examples in the following table:

BATTERY COST				
Equipment Name	Cost to Purchase New	Cost to Purchase Used	Cost to Rent Per Month	Cost at 5 Years for Rental
Battery Model 12-125F-15	\$5,040	\$2,700	\$298	\$17,880
Battery Model 18-85-21	\$7,150	\$3,775	\$625	\$37,500

**Note:** Batteries and Prices shown above are for illustration only. Subject to availability. Prices may change slightly due to rental equipment ages and conditions. Warranty programs are available on used batteries and chargers. Local delivery, set-up, and programming fees may apply.

In each of the above cases, if you were to use these batteries for a total of five years, the total cost of ownership (not including maintenance program fees) would be more than triple the cost of buying the equipment new, and more than five times the cost of buying used. So, even when you factor in replacing assets that have reached the end of their useful life, buying new or used provides a lower total cost of ownership than renting does.



## WHY BUY USED FORKLIFT BATTERIES? (CONT.)

However, if you were to only use the equipment for two or three months, then renting it would be far less costly than buying new or used.

So, when considering whether you want to buy or rent warehouse equipment, it's important to consider how long you'll be using the asset for. If you plan to use it long term, then you'll probably want to buy new or used.

### What About Warranties for New Vs. Used Batteries and Chargers?

One major motivating factor in the choice to buy new rather than used equipment is that the new equipment is covered by a manufacturer's warranty. However, used warehouse equipment is also frequently covered by a warranty—either from the manufacturer (if refurbished by them) or by the equipment seller.



The robustness of these warranty programs will vary from one manufacturer/reseller to the next. So, it's important to go over them with the seller before buying used warehouse equipment.

Southern States Motive Power (SSMP) offers a warranty that covers defects in forklift batteries that may be left over from their refurbishment—contact us for more details.



## WHY BUY USED FORKLIFT BATTERIES? (CONT.)

### What Are the Long-Term Impacts of Buying New Vs. Buying Used?

The cost impacts of buying new or used warehouse equipment such as batteries and chargers can go far beyond the initial price tag of the equipment itself.

For example, consider what would happen if you needed to buy a combination of batteries and chargers worth \$1,000,000 new.

Say you have the money to pay for that new equipment out-of-pocket. If you put all of your money into that new equipment, you no longer have that money available to cover other expenses that may occur as a result of an emergency later. This restricted cash flow could cost you other opportunities down the line.



## WHY BUY USED FORKLIFT BATTERIES? (CONT.)

Or, more likely, you take out a business loan to cover the expense because that's far too much in liquid assets to leave lying useless in the bank. In this case, using a simple [loan interest calculator](#), a 10-year version of this loan at 6% monthly APR would have you paying \$11,102.05 per month for 120 months—totaling \$1,332,246 in payments over ten years.

This would be a significant impact to your available cash flow for the ten years you'd be paying off the equipment.

Say you bought the same equipment used instead for \$530,000. This an immediate savings of roughly 47%. If you were to use the same loan terms as above (10 years, 6% monthly APR), each monthly payment would be \$5,884.09, or a total of \$706,090 after ten years. This is a much lower draw on your monthly budget and almost half the total cost of the loan after repayment is complete compared to the cost of buying new.

Because the impact—both up-front and on the backend—is lower, you'll have more capital available to take advantage of other opportunities in the future.

## Next Steps

Want to learn more about the benefits of renting or buying used warehouse equipment versus buying new? Contact the experts at Southern States to discuss your warehouse equipment needs!

When looking for a warehouse solutions partner, some specific things to check for include:

- Prompt quotes for specific products/services. When you need a solution, you need it fast, and your business shouldn't have to wait for too long to get a quote.
- Good balance between quality and cost. The cheapest solution can cost more in the long run because of failures, more frequent replacement, injuries, etc.
- The supplier's track record—what do other warehouse managers have to say about the company?
- Is the supplier a one-stop shop that can serve all of your warehouse's needs? Many solution providers specialize in one thing and force you to deal with others to solve all of your other issues.
- Does the supplier have a support team based in the USA for fast and efficient service?

## For More Warehouse Equipment / Operations Support:

You can reach out to the Southern States Enterprises team at:



[www.ssents.com/contact](http://www.ssents.com/contact)



[reception@ssents.com](mailto:reception@ssents.com)



866.350.3593



813.626.8217

