



1617 Terre Colony Ct.
 Dallas, Texas 75212
 Phone: (214) 819-4180
 Fax: (214) 819-4185

[HOME](#)

Justification

Example

Customer Profile:

Growth Mode: (13% last 3 years expects 13% next 2. years)
 Out of Space: (wants to lease additional location)
 Existing Facility: 20,000 sq. ft.
 Storage Method: Selective Rack 4 high (could go 5 high)
 Equipment: 2 ea. 3000 lb. Reach Trucks (800 hrs/yr ea.)
 1 ea. 3000 lb. CB truck (1100 hrs/yr)
 Inventory Turns: averages 6 turns per year

1. Approx. number of pallets in existing warehouse? (20,000 sq. ft / 8.5 sq. ft. per pallet = 2353 pallets)
2. Approx. # pallets customer will need to store to handle the 2 year growth? (2353 / .87/.87 = 3108 pallets)
3. How many pallets will the customer have to find outside storage for? (3108 less 2353 existing = 755 pallets)
4. Sq. ft. of additional warehouse space required to store 755 pallets the way the customer is doing it now? (755 pallets x 8.5sq. ft = 6417 sq. ft.)
5. Cost for customer to lease additional warehouse space to store 755 pallets? (6417 sq. ft. x \$.50 psf / month = \$3208.50 per month or \$38,502 per yr.)
6. What will customer pay for operating costs for extra space? (6417Sq. Ft. x \$2/PSF ave. = \$12,834 yr = 1069 /month, for utilities, taxes, maintenance, insurance)
7. Cost of equipment for additional warehouse space? (1 ea. used Reach 10,000 + 1 ea~ used CB \$10,000 = \$20,000) Lease cost for \$20,000 x .0199 = \$398 / month = \$4776/Yr
8. Labor costs for additional warehouse space. (1 person min. 20hrs. week capable of operating reach and CB forklift x \$15hr. salary w/ fringe = \$1300 per month or \$15,600 per yr.)
9. Handling costs to transport product to additional location. (755 pallets x \$4 ea. handling x 6 turns per yr. = \$18,120 yr or \$1510 / month.)
10. Additional paperwork to track outside location (\$100 / month or \$1200 / yr.)
11. Inventory accuracy problems - locating product (\$100 l month or \$1200 / yr.)
12. Could a Flexi (5 high system) handle the customer's growth and keep the customer in the same building? (Yes! 20,000 sq. ft. / 6.18 sq. ft. for 5 high = 3236 pallets)
13. How many Flexi's would be required to perform the same operation and keep customer in same location? Note: the Flexi can perform the work of both Reach and CB trucks (Total all existing forklift hrs = 2700 hrs / .87 / .87 3567 hrs per year is expected total hrs with growth) (3435 hrs. yr / 2 ea. Flexi = 1718 hrs per year ea. truck) or (2 trucks one single shift) Only 2 Flexis required!
14. Can customer reduce the number of employee's w/ Flexi? (Yes! 2ea. Flexi's can perform the work of 2 reach and 1 CB. Saving the customer the cost of 1 operator at \$15 hr = \$2600 / month, \$31,200 yr.)
15. Estimated trade-in allowance on existing equipment? (2 ea. Reach Trucks @ \$6000 ea. + 1 ea. CB @ \$6000 = \$18,000 trade -in allowance)
16. Purchase price for purchasing 2 ea. Flexi's with quad masts and side-shift including battery and charger less trade-ins? (\$45,000 x 2ea. = \$90,000 less trades <\$18,000> = \$72,000 purchase price after trade-ins.)
17. Estimated 5 yr. lease amount on \$72,000 ? (\$72,000 x .0199 = \$1432.00 month + tax)
18. Proposed savings for customer utilizing Flexi's and staying in existing facility;

	Month	Year	5 years
Prevention Cost Savings:			
-Outside storage lease cost	3,208	38,502	192,510
-Overhead for outside storage	1,069	12,828	64,140
-Equip.(lease) outside storage	398	4,776	23,880
-Labor for outside storage	1,300	15,600	78,000
-Additional transfer /handling	1,510	18,120	90,600
-Additional inventor problems	100	1,200	6,000

-Additional paper work	100	1,200	6,000
Reduction for Existing Operation:			
-Reduction of 1 forklift operator	2,600	31,200	156,000
	=====	=====	=====
Total Operational Savings	\$10,285	\$123,426	\$617,130
Less Equipment lease	<1,432>	<17,184>	<85,920>
	=====	=====	=====
Total Proposed Savings	\$ 8,853	\$106,242	\$531,210

Customer Payback on \$72,000 = 8.13 months
 (\$72,000 / \$8853 monthly savings = 8.13 months)



[Background](#) | [Features](#) | [Product Design](#) | [Specifications](#) | [Warranty](#) | [Applications](#) | [Operation](#) | [Justification](#) | [Contact Us](#)

Copyright © 2005 NarrowAisle Inc. All Rights Reserved.