

Pest Control

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SOLUTIONS FOR YOUR BUSINESS



Put It Together!

Build Your Perfect Truck
2003 Pest Control Truck Guide

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Replace or reinvest?

Fleet decisions can impact your bottom line in many ways

BY JIM HARMON *Contributor*

With such a wide variety in service and sales mixes, geographic differences in vehicle longevity and performance needs, no one fleet management strategy is going to be a perfect fit. However, let's explore how your company's long- and short-term strategies mesh with your fleet management decisions.

Time to go shopping

Ten years ago, it was easy to decide what you wanted in a service vehicle. Your staff did both service and sales and everyone needed a truck — the smaller pickups for pest control and sales and the full-sized trucks for termite work. The choices were less diverse, as were the markets. Usually, the decision was based on price and what worked in the past.

Today, there are more considerations to replacing your fleet. Financial strategy of that replacement is a key component to the process — what are you doing with your money, and what is it doing for you?

Once you decide to get a new vehicle, what type of financing arrangements should you make? Purchase for cash, purchase on credit, lease? How long will you keep the vehicle? Who will use it and for which role — sales, service, termite or a combination thereof? Will you start with sales and then move it into pest service or termite work later?

After you make these initial decisions, consider which vehicle you want from the myriad of models. If the vehicle is only going to be used for termite and pest control sales, maybe a compact car or mini-SUV might work. For light duty, a small truck will do, and for any kind of serious route or termite work, a mid- or full-sized truck is the answer.

We also looked at the concept of hybrid engine vehicles for sales vehicles. Most auto manufacturers are introducing

alternative fuel or hybrid gas-electric engine compact cars. While the prices are still a bit high for most companies, the tax benefits are very significant at this time to adding them to the fleet. With the addition of these types of vehicles, you can also increase your marketing to include these new ultra-low emissions or hybrid vehicles as doing your part for the environment.

Realizing your needs

What do you want the truck to do? That's the question to ask when determining which make and model to choose. Don't get caught in the trap of getting a cheap, small-sized truck for \$8,000 just because it costs less. Remember that cheap truck usually has car parts in it and is designed for light duty — translation, grocery getter and maybe hauling plants from the nursery home to the garden. It's not for serious route work.

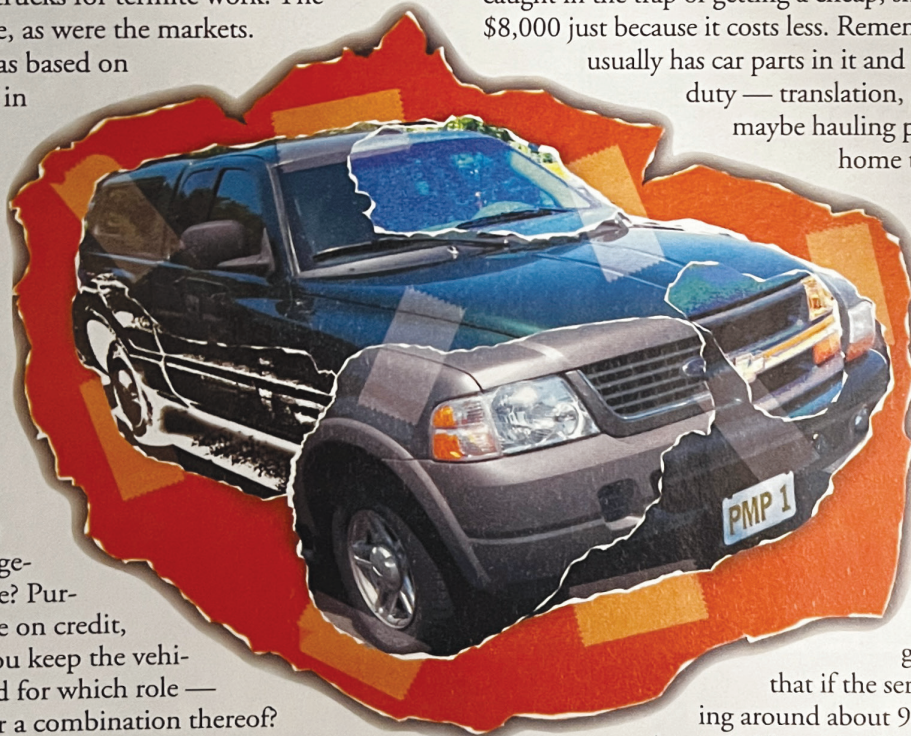
It may seem like a great deal now, but you will pay for it later in increased maintenance, lower miles per gallon and downtime.

Before you buy, decide what the capabilities of the vehicle have to be and match them up with your vehicle options. A good rule of thumb is

that if the service truck will be carrying around about 900 lbs. of equipment, boxes, ladder rack and passenger(s) on a daily basis, then shop for a truck that can handle about 2,000 lbs. — or just over 50% of your anticipated daily weight.

Just because it says a truck has a cargo capacity of 1,800 lbs. does not mean that you can load it up to near the limit on a daily basis. Overloading the vehicle makes the truck unsafe in maneuvering and braking, and stresses the springs, transmission and rear end. Even with fixes such as additional suspension support, you are only buying yourself a little more time

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before things break. How many work trucks do you see that sag in the rear end all the time? Ever driven one?

Once you have narrowed it down to the two or three vehicles that will do the job, it is time to shop. It is easy to get caught up in low APR schemes most vehicle dealers are offering. These discounts may sound good, but usually they are only for full-priced vehicles. Whether you purchase or lease, the monthly cost of the truck must fit into your forecasted budget. With the costs of fuel soaring over the last year, forecasted budgets for vehicle fuel use are being revised weekly.

A benefit to leasing a truck for three years is that the total lease price is an expense and does not allow for depreciation. The bad side to leasing is the end-of-lease charges for excessive mileage. With the average pest control or termite truck running up to 3,500 miles per month, this can be an expensive lesson.

If you purchase the truck through cash or an auto loan, the cost of the loan plus the depreciation is deductible from your P&L. The long-term cost of the vehicle is actually reduced on paper through this five-year depreciation schedule. During the last two tax years, the IRS has also allowed for a more aggressive depreciation of 30% the first year on any new significant assets instead of the standard 20% per year.

These two factors seem to make purchasing the vehicle a better choice. When the loan is paid off, you own the truck and can do with it what you want.

A final factor in favor of the direct-purchase option is the get the truck fully outfitted from your dealer — for example, a cab and chassis truck with a utility bed and ladder rack already installed. This saves on a lot of hassle later to set up the vehicle and buy all the other ancillary items as straight equipment expenses.

Get your return on investment

Now that you know what you are going to get and how you are going to pay for it, how much will it do for you? Will this vehicle last as long as you need it to? We all know that one competitor

who seems to keep his fleet of early 1970s trucks running with spit and balancing wire. Obviously, he got his return on his investment and then some.

How are you going to get any return on the investment in a new vehicle? Not just in service production dollars! These vehicles are rolling advertisements for your company. With the new capabilities of vinyl graphics companies and computer-generated graphics, you can change the look and message on your vehicles on a routine basis. This leads to decreased advertising costs, and you can change things at whim when you want to sell a certain service or special deal of the month.

Using graphics as an advertising cost can be brought down on your profit and loss statement as advertising, not vehicle-associated costs. This will also increase the visibility of the vehicle and your company information to consumers who are stuck on the freeway behind your truck.

How else can you quantify the return on the investment a vehicle can produce? The cost savings in decreased downtime with repairs and maintenance and fuel


expense savings with the newer engines will give you money profit at the end of the month. If you get vehicles with manual transmissions, how much time each year does the technician driving that truck spend in the repair shop getting a new clutch? Or with an automatic transmission, have you trained the technicians to stop between shifting from drive to reverse? Which will get the better gas mileage? Which will allow for the least amount of damage and repair costs if the vehicle is not maintained properly? Remember, while you might drive conservatively and save the vehicle to reduce costs, your employees might not.


What is the ultimate destination of the vehicle at the end of the lease or loan period? If you buy the truck, what is its potential resale value? Can you sell it to employees or use it for a trade-in on the next truck? Deciding what the value of the truck will be at the end of its life is also important. This will allow you to realize the potential influx of capital when you sell it and how much you can put out toward the next truck.


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Stick with the plan

Once you have decided the path to take on new vehicle acquisition and old vehicle de-acquisition, keep to your strategy. Consider what you would do if the worst happened and you had to sideline that vehicle:

 Work up a real-world scenario of losing a route to a competitor and what you would do with that new asset. Should you sell it, allow it to be repossessed or try to trade it in on a lower-cost vehicle?

 Don't make fleet management and maintenance an afterthought. While we may be great at killing bugs, we tend to put routine vehicle maintenance aside in order to earn extra dollars. After all, it takes the tech out of the field to have the oil changed and tires rotated.

 Extra time that you take in advance will not only preserve the truck a bit longer, but also reduce downtime (lost revenue) in the future. Instead of rotating the tires and getting that alignment every spring, do it every spring *and* fall. This can extend the life of the tires an additional 10,000 miles! Now that translates into dollars.

 Keep up with a set routine for all vehicles based on mileage instead of a calendar. Most dealers provide each new vehicle with an owner's manual. Included it that is a schedule of maintenance for all types of driving regimes. Post it up and stick to it. This is protecting the assets of your business, after all.

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Not ready to buy?

Once you have gone through the purchasing decision process and formulated a fleet management strategy, you need to put it to work. One aspect of fleet management is extending the life of a vehicle. While you may have gotten a good five years out of that truck, how would it affect your profit levels if you were able to extend it to seven or even 10 years?

The extension of the life of a truck starts when you first buy it new. Of course, there are add-on parts that can help that older truck now, but the sooner you set the truck up for a long service life, the fewer problems you will have in the future. Let's review some common problems affecting vehicle longevity and how to solve them.

Suspension overload

The suspension of a truck is the most obvious area that gets the most abuse. Overloaded trucks end up with sagging de-arc'd springs that reduce maneuverability, wear tires faster and wear out the drivetrain. The obvious solution is to

purchase vehicles that are capable of the types of duties we need in the first place. However, sometimes that is not possible because of budget constraints or the current fleet make-up.

For increases in safety, a good pre-arc-ing or helper spring system for the rear springs is just the ticket. There are a few such devices readily available. These devices consist of either an additional leaf in the rear spring pack or the addition of a coil spring to add more spring capacity and vehicle stability, especially under consistent loads. RoadMaster Active Suspension (www.activesuspension.com) is the only coil spring add-on for the rear suspension that combines an inexpensive price, ease of install and stiffens the rear end significantly. "Add-a-leaf" kits add a leaf spring to the spring pack to increase the cargo capacity of the truck, but do not assist in increased handling safety.

Another area that is inexpensive, but increases the safety margins during driving is the addition of front and rear anti-swap bars to the suspension system. While the inexpensive bars are a good

compromise, Hotchkis Performance (www.hotchkis.net) has set the standard with a full product line of sway bar kits reasonably priced for almost any truck. These bars act to laterally stabilize the weight transfer of the vehicle from tire to tire in turns and emergency maneuvers. The increase in safety with sway bars is significant, and can aid in maintaining control of the truck even in simple turns.

Engine attention

One area typically ignored for a service truck is the engine. While we are not trying to develop a sport truck or street rod here, the addition of a high-performance, fleet-use replaceable air filter can not only increase the power and torque of a motor, but also protect and extend the life of the motor.


Some of the newer replaceable seven-ply filters from companies such as Advanced Flow Engineering (www.afe-filters.com) not only are simple drop-in filters, but also can be cleaned and reused every 15,000 miles for up to 100,000 miles before they need to be replaced. From a cost standpoint, these filters cost about five times that of a standard paper filter. After 50,000 miles, however, they have paid for themselves.


The newer seven-ply filter elements work to filter much better than paper, or even the cotton gauze performance filters. This translates into less garbage, dust and junk getting past the air filter and into the engine. As the engine inhales these small particulates, it will slowly damage the inner workings of the engine and thus reduce the lifespan of that engine.


With the addition of a few simple modifications to the suspension and air filtration systems on your trucks, especially from the day you buy it, you can easily extend the serviceable life of a significant asset as your service trucks. Without them, you simply could not do your business. **PC**


To buy or not to buy...


Before you make the leap into investing in a new vehicle, consider the following:


 **Who will use it** — For sales, buy a compact car or mini-SUV; for general pest, a small sized truck will do; for intense route or termite work, go up to a mid- or full-sized truck.

 **Manual vs. automatic transmission** — How much time each year does your technician spend in the repair shop getting a new clutch for the truck? Alternately, have you trained the technicians to stop between shifting from drive to reverse?

 **You get what you pay for** — What seems like a great deal now you'll pay for later in increased maintenance, lower miles per gallon and downtime.

 **Anticipate extra weight** — If the vehicle will be carrying about 900 lbs. of equipment and passengers, shop for one that can handle about 2,000 lbs. — or just over 50% of the anticipated daily weight.

 **Your truck is a mobile advertisement** — Technology lets you change the look and message on your vehicles routinely. This let you highlight special deals, etc.

 **What's your best finance method** — Should you purchase for cash, credit or lease? If you purchase the truck through cash or an auto loan, the cost of the loan plus the depreciation is deductible from your P&L.

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