

Prime mover

With huge pressures on margins, finance managers can be forgiven for going for tractors with what looks like the lowest whole-life cost. But there are other considerations, as Peter Shakespeare reports



Ask sales engineers at the truck manufacturers about what to consider when specifying a new tractor unit, and most will reply with another question: "Who is buying the truck?" And they don't just mean, what's the likely application and duty cycle but, literally, who.

Why? Because fleet engineers range from sophisticated to dyed in the wool. Many point, for example, to the fact that tractors are still ordered with sliding fifth wheels and lead-up ramps. "We have had air suspension since 1990 so specifying these 'just in case' doesn't make sense any more. All it does is adds height and weight," says a Volvo spokesperson.

Indeed, the only remaining market big on sliders is the UK. "Where coupling

space is an issue we have the option of dual-position fifth wheels. We also have Teflon-coated fifth wheels, meaning no more grease. It's about educating fleet engineers to use the available technology," he says.

Then we come to driveline specifications, and our Volvo man worries that people aren't thinking outside the box. "They could be hauling 44 tonnes with 500bhp and nowadays seeing no fuel penalty. [That power] makes the driver's life easier but, importantly, it also brings journey times down," he explains.

And that, in turn, means more productivity - which could be further improved with its dual-clutch transmission. "Volumes in the UK are quite low, but for smaller operators - especially those running abroad - it delivers fuel benefits and has made the

difference between catching the ferry, for example, or not."

What about chassis height? The move to 315/70 tyres from 295/80 has been painfully slow, despite the indisputable fact that 315/70s give extra capacity for the pusher and front axle. "If you speak to the tyre manufacturers, there are enough of them out there now for remoulds, so there's no reason not to specify them," says Volvo. "We see operators spending a fortune on aerodynamic roofs but they're running higher than they need to, which makes a nonsense of the expenditure. If you can get the fifth wheel height down to 50 inches, you should."

MORE OF THE SAME

The point: when it comes to buying a new tractor, don't assume you need the same as last time. It is vital that you re-qualify what you want to do with it. Then it makes sense to use the vast amount of data available from all the OEMs at point of sale. It's not just about new features and options: it's about making informed choices so that your new tractor turns up right first time.

"For example, 44 tonnes is the UK's maximum weight limit and 6x2 tractors



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account for 90% of tractor sales, but how many operations really use 44 tonnes?” asks our Volvo man. “You can get everything on a 4x2 chassis, including side skirts. And they offer better grip and handling characteristics.”

At the other end of the spectrum, DAF marketing manager Phil Moon has a view on the spreadsheet-driven approach. “Criteria for specifying a truck are so often based on it being acquired at so many pounds per week. In effect, the specification has already been determined by a contract hire company’s deal with the manufacturer. But for more specialised or variable operations, there are advantages if the operator sits down with a dealer who understands what he needs,” he explains.

“For example, if you need extra space for fuel tanks, blowing kit or payload, look at a 17.5-inch pusher. You can benefit from an extra 500kg of payload. Also, if you need wet kit, it doesn’t have to go on the catwalk, which can compromise pulling a short-necked tipper trailer. And if you are running heavy, a tag axle may be better than a pusher.” Moon suggests that such options are rarely available from contract hire companies. “So, my advice is don’t just go for price and a readily available product: go for the spec of truck that is right for your business.”

That’s not to say contact hire firms get tractor unit specifications wrong. “Of

course, there is a place in the market for contract hire and a lot of end users like the simplified acquisition process,” confirms Moon. “They know exactly what that truck costs per week and everything, bar the fuel and driver, can be lumped into the payment. But the point is there are certain operations where they might pay the price for not doing a bit more due diligence.”

DEAL DIRECT

Moon’s advice: if you are dealing with a contract hire firm, why not talk to the supplying dealer too? “They can give you a steer as to what you could have, so you are better informed when you enter negotiations.” He concedes that if the supplier has 50 vehicles ready to go, it’s unlikely that anything in terms of spec can be changed.

“But if those vehicles are in the pipeline, the contract hire company could pick up the phone to the dealer and say, ‘We need a different diff ratio, or tag axle,’ and that should be possible. There may be an on-cost, but by not taking the opportunity, it could cost you, in terms of fuel or earning potential.”

What do contract hire firms think? Well, it depends on the company. Dave Potter is commercial and development director at Asset Alliance. “Our expertise is wider than finance: we look at the bigger picture of what’s available,” he

says – adding that things have changed since his early days in logistics specing and buying assets.

“Today, it’s more a science. We look at whole-life costing and put together a deal that is the best pound-per-mile, lowest cost asset for our customers. We are also very hot on health and safety. For example, catwalks often aren’t big enough or flat, so need aftermarket solutions to meet modern requirements.”

How does his firm work with operators to optimise tractor units? “Ultimately, the customer decides: all we can do is show them ... why one vehicle is a better fit than another. In terms of up-specing, a good example is alloy wheels. They provide weight benefits for certain operations, but some customers believe they also enhance residuals. However, the truth is they add to the weekly rental cost; they make resale easier; but they don’t alter the residual value.”

Potter also notes that up-specing for driver retention is a factor today. “We do address this but we suggest the up-spec helps with compliance and performance, rather than just the ‘nice to haves’.”

Sound advice, and from a financial perspective, it’s easy to see another attraction of going the contract hire or leasing route. “We set our own residual values, so we must be fluid and dynamic. We track key indicators so we can be as accurate as possible... Another benefit of dealing through a group like ours is we have the cradle-to-grave view. We provide a 360-degree solution, even buying assets from customers who want to free up cash.”

Final thoughts: “If an operator wants to know his fixed costs for a three- or five-year term, including servicing, tyres and one-stop-shop backup, then contract hire is the best solution,” says Potter. “People do get too focused on the weekly rate, but sometimes that isn’t the only consideration. It’s also about what is the added value of the service we can supply.” **TE**

TOP TIPS

- Think outside the box – 6x2 or 4x2, tyre choices, fifth-wheel and chassis heights
- Talk to dealers and don’t rush to secure the cheapest contract hire deal
- Negotiate with contract hirers. If they can’t offer the spec you need, walk away
- Preconceptions on specification are not the way. Technology has moved on, make the most of it
- Work with sales people you trust and listen to what they say
- Understand what’s changed in terms of your operation and vehicle design
- Have a two-way conversation with your supplier about what you need and use available data
- Train drivers to get the most from the truck’s features. Handing over a new truck correctly is vital
- No single change in spec is a game changer. Incremental benefits can add up to much larger gains
- If you are running into London, think about the Direct Vision standard. Low cabs are best.