

CART REPLACEMENT UNDER WARRANTY



OUR TRACK RECORD

- ROTO Industries put its first cart on the street in Ontario, California in 1987. We initially placed 8,000 carts. We gave the City of Ontario a ten (10) year warranty. That cart is still there. Fifteen (15) years later and it is still being used.
- Later in 1987, we delivered 30,000 carts to the City of Los Angeles. Fifteen years later, these carts are still on the street and being used. Our replacement rate, less than 1%.
- Later, ROTO Industries completed another major installation in Anaheim, California in 1989. We initially placed 50,000 carts. We gave the City of Anaheim a ten (10) year warranty. That cart is still there. Seventeen (17) years later and it is still being used. Altogether, we have placed over 300,000 carts in the City of Anaheim. How have our carts performed? Well, our replacement percentage (Number of Carts Replaced Under Warranty) for the City Of Anaheim is less than 1%.
- In 1982, ROTO Industries sold 100,000 carts to the City Of Detroit, Michigan. We gave the City of Detroit a ten (10) year warranty. Since that time, we have replaced less than 1,000 carts. How have our carts performed? Well, our replacement percentage (Number of Carts Replaced Under Warranty) for the City Of Detroit is 1 %.

WHAT IS THE STANDARD WARRANTY IN THE INDUSTRY?

Everyone in the cart industry provides a ten (10) year warranty, BUT every warranty is different. Some make provisions (excuses) for non-replacement using words like, Abuse, Lifter mis-adjustment, Normal wear and tear. We don't .

IF YOUR CART LASTED TEN (10) YEARS, WOULDN'T YOU BE PLEASED WITH THE PERFORMANCE ?

Sure, your return on investment was satisfied. If it lasts longer then well that is icing on the cake.

WHAT DOES IT COST TO REPLACE A CART IN THE FIELD?

A cart breaks. The homeowner calls and wants a new one. Your staff answers the call. A replacement cart is ordered. A replacement cart is delivered. (See next page)

DOES THE CART MANUFACTURER ANSWER THE PHONE AND SEND OUT A REPLACEMENT?

NO

WHERE DID THE REPLACEMENT CART COME FROM?

Your inventory.

Now, you have to replace the cart because it is under warranty. You call the cart manufacturer. What does he say? Sure, he will send a new cart, but you have to wait until you order another truckload. Remember, you have to pay the freight.

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HOW MANY CARTS ON A TRUCKLOAD ?

About 400 to 600. So now you have to wait until you have 600 broken carts. So, you are now paying for the replacement out of your own pocket with a replacement cart until you get enough for a truckload.

WHAT IS THE COST OF THE FREIGHT FOR A TRUCKLOAD ?

Between \$ 500 and \$ 2,000 depending on their location from you.

WHAT DOES IT COST YOU INTERNALLY TO PROCESS AN ORDER FOR A CART REPLACEMENT?

Task	Time	Cost at \$10 an Hour
Telephone Call From Customer	5 Minutes	\$1.70
Internal Routing Of Order	5 Minutes	\$1.70
Load Cart In Truck & Deliver With Gas	60 Minutes	\$10.00
Truck Cost & Gas		\$5.00
Cost Of Replacement Until Your Get A Truckload		\$ 50.00
Your Immediate Out Of Pocket Expense		\$68.40
Cart Is Replaced		- \$50.00
Your Final True Cost		\$18.40

WHAT CAN THIS COST YOU OVER THE YEARS?

Replacement Rate (Assume They Will Replace)				
Carts	ROTO Replacement Rate 1%	Industry Replacement Rate - 10%		
		10.0%	15.0%	20.0%
50,000	500	5,000	7,500	10,000
Cost Per Cart	\$18.60	\$18.60	\$18.60	\$18.60
Total Cost	\$9,300	\$93,000	\$139,500	\$186,000

Replacement Rate (They Say They Wont Replace)				
Carts	ROTO Replacement Rate 1%	Industry Replacement Rate - 15%		
		10.0%	15.0%	20.0%
50,000	500	5,000	7,500	10,000
Cost Per Cart	\$68.60	\$68.60	\$68.60	\$68.60
Total Cost	\$34,300	\$343,000	\$514,500	\$686,000

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WHAT IS THE VALUE OF A CART THAT DOESN'T NEED REPLACING?

You tell us.

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