

IF IT'S NOT BROKEN...: HOW TO REDUCE MAINTENANCE COSTS TO INCREASE YOUR BOTTOM LINE

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Maintenance is often considered one of the most unglamorous aspects of a business, but in reality, it's one of the most important of them all. If your company has been operating for a while now, you know the vital role maintenance plays in its daily processes. For example, a hotel simply couldn't host guests in rooms with broken heaters or A/C units, just as a construction crew wouldn't be able to work on the project at hand if the heavy equipment required to complete the day's work wasn't running properly.

Essentially, maintenance is a required cost in many organizations should they want to operate well and stay in business. However, many of these companies are also spending far more than they should on maintenance and repair costs each year. This happens for a variety of reasons, including neglected assets which break down or incorrect/outdated maintenance records, both of which affect a company's overall productivity and total revenue.

Even over-servicing of assets, equipment, and inventory can unnecessarily increase costs related to maintenance. For example, a [study](#) of production and manufacturing plants by Emerson Process Management found over half of typical maintenance activities are unnecessary. In general, Emerson found 63% of work orders never resulted in corrective actions because there was nothing wrong with the specified equipment in the first place, and only 31% of 230 valves scheduled for rebuilding actually needed the work performed.

Maintenance can also cost companies more than is necessary when subsequent repercussions come into play. As noted above, neglected assets often require immediate attention when they fail to work, which decreases productivity not just within the company's maintenance department, but also across the entire organization when others employees are relying on functioning assets to do their jobs. A company can lose hundreds to thousands of dollars a day in these situations, and also risk losing business opportunities and rapport with customers if they see the inefficiencies caused by lack of proper maintenance.

In some industries, unnecessary regulations can also increase the cost of maintenance for no good reason. If any organization has a hands-on experience with this situation, it's the United States Department of Defense. A 2010 Budget Control Act forced all branches of the U.S. military to reduce operating costs, most of them opting for solutions such as personnel cuts and asset acquisition changes. However, a [2012 study](#) by the Lexington Institute discovered the Navy and similar military organizations could save between \$45 and \$95 billion a year on a variety of these costs (including maintenance) if the Pentagon and Congress were to eliminate a plethora of unnecessary regulations and specifications.

As you can see, maintenance is an important part of the majority of companies' expenses and operating costs, but it should not be taxing them so much that it becomes a concern and a financial drain all on its own. The rest of this white paper will examine how your business can avoid these problems by reducing your maintenance costs to increase your operating efficiency and overall bottom line.

5 Ways to Reduce Your Maintenance Costs

According to [some experts](#), maintenance management can take up to 40-50% of a business's operational budget. Reducing maintenance-related costs will, therefore, have significant benefits to your company, making it more efficient and more profitable in the long term. Your current maintenance processes need to be analyzed and adjusted accordingly to accomplish this, so consider these five ways you can reduce your costs:

Track Recurring Service and Maintenance Costs

It should seem obvious, but when you diligently track the cost of your company's routine maintenance and service operations, you'll have a far better grasp on where your money is going and whether or not it's being



spent as efficiently as possible. You'll be able to see where you can cut costs, like if you're wasting money performing repairs too frequently, or spending too much time maintaining an old piece of equipment which should simply be replaced.

With better command on preventive maintenance tasks, you can also reduce equipment downtime and increase the uptime of both your assets and your employees in charge of them. This insight can literally save you thousands of dollars a day. According to [one study](#), for example, downtime in the automotive manufacturing industry can cost businesses up to \$22,000 per minute. Depending on your business, you could be losing figures similar to this, a problem solved by ensuring you're adamantly tracking your maintenance costs.

Implement Efficient Inventory Control Management

Another way to reduce your maintenance costs is by optimizing your current inventory and asset management processes. Implementing efficient inventory control measures such as setting minimum and maximum amounts of assets allowed in the system, sending email alerts when these thresholds are reached, and providing detailed information on asset vendors and asset costs will help your business gain insights into how much you spend on and use various parts and supplies within your organization.

In the same vein, an optimized inventory and asset management system saves you money by reducing the possibility of theft, especially internally. A proper inventory control management setup means employees are less likely to steal assets or even just parts of them, limiting the need for you to perform repairs on the affected items. And any reduction of theft ultimately means your company can better balance its budget, including how much should be allotted to maintenance each year.

Document Employee Hours and Schedules

You can also reduce your yearly maintenance costs by making sure the hours and schedules of your employees, both those in the maintenance department and outside of it, are documented within your asset management system. In practice, this would look like a construction company tracking the hours its employees worked both on a job and on maintaining and repairing their equipment. The more aware you are of how much time your employees are spending on what duties, the more you will be able to adjust your maintenance schedules and costs.



Tracking the hours and actions generated by non-maintenance employees is especially important to reduce the impact on and cost of that department within your business. For example, if a professor uses a college van to take his class on a local field trip but that time isn't recorded, the maintenance department won't know how much wear and tear the vehicle received during the trip in order to record it in the system. Noting these hours would, of course, help maintenance better understand the van's usage history and anticipate potential repair needs, reducing overall costs.

Perform Vendor Audits

For many businesses, sticking with the same vendors you've been working with for years seems like an easy (even safe) route, but it could be costing you in terms of your maintenance expenses. Your traditional vendors for replacement parts or items might be charging you more than if you chose to go with a new vendor. If you want to save money on repair costs, you should audit which vendors you routinely buy from and compare with other options.

Likewise, if you carefully document all your vendor interactions, you can use this data to better understand your purchasing habits related to maintenance and repairs. Knowing what you've purchased, from which vendor, and how often from that vendor can give you important insights into your business's operating costs, and can even help you reduce unnecessary spending. For example, are you spending too much on outside hardware and IT support services when you could instead establish an in-house team for cheaper?

Use a Computerized Maintenance Management System

All of the ways to reduce your maintenance costs noted above can easily be accomplished by implementing a computerized maintenance management system, otherwise known as a CMMS. This type of software helps companies better manage their maintenance and asset needs so maintenance employees are able to do their jobs more efficiently and effectively. CMMS also helps companies better understand where their money is going and how they can reduce spending; most businesses can [save an average of 3.3% annually](#) on maintenance costs with a proper facilities management system in place.

Many businesses try to maintain a CMMS of sorts via manual methods such as pen-and-paper records or even a complicated Excel spreadsheet; in fact, a [2016 study](#) of manufacturing plants discovered 39% of these establishments still use paper records and 52% of them rely on spreadsheets. These outdated methods come with severe drawbacks, however, such as being highly susceptible to human error. When 40-50% of your operational costs are at stake, it could be considered unwise to trust that much money to old systems instead of using a cutting-edge CMMS.

8 Important Benefits of a CMMS

Software which manages equipment, maintenance, and repair schedules has a variety of benefits for almost any business. Here are eight key ways a CMMS can help your business mitigate the financial impact of your maintenance needs:

1. Improves Equipment and Asset Efficiency

A CMMS is built to help businesses understand how their assets and equipment are used and maintained by managing tools, supplies, service contracts, warranties, user guides, and more. Inefficiencies in asset and equipment usage can be discovered by analyzing the information your CMMS provides you, and appropriate measures can then be taken to rectify the problems. This reduces the cost of your overall inventory and maintenance needs while improving efficiency. In fact, some studies have shown the reliability of equipment can increase 35-50% after implementing a CMMS.



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2. Encourages Proactive Maintenance

One of the best reasons to purchase and implement a CMMS in your business is how much it can save you in terms of proactive versus reactive maintenance. [Statistics show](#) reactive repairs (those which happen after an asset breaks down) can cost 5 to 15 times more than initial efforts to predict and prevent such problems. Taking a proactive approach will, therefore, help you save money, and a CMMS is set up in such a way to help you easily track maintenance repairs and schedules so that you're always aware of the status and potential needs of your assets or equipment.

3. Provides Efficient Scheduling

A CMMS is perfect for balancing the workload of maintenance tasks. When every employee involved in maintenance is able to access one system and see their schedules, you eliminate any possible confusion of who should be repairing what equipment and when that should happen. This type of scheduling isn't possible with manual calendars or spreadsheets which aren't accessible by every maintenance employee.

4. Optimizes the Life of Assets

As noted above, a CMMS will not only improve the efficiency and reliability of equipment, but it will also help your organization maintain a proactive maintenance strategy. The combination of these two factors means your assets will last longer than they would without a robust CMMS solution. And of course, the longer your assets live, the less overall costs you incur in terms of replacements and reactive/emergency fixes.

5. Reduces Equipment Downtime

When assets are managed through a CMMS solution, businesses can see up to a [20% gain](#) in equipment uptime, which in turn positively affects overall productivity of those businesses. Delta Airlines experienced this first hand when in 2014, the company decided to invest in older aircraft and implement a strict maintenance strategy; consequently, [Delta saw 120 days without a single maintenance-related cancellation](#).

6. Ensure Compliancy

By their very nature, CMMS solutions create, track, and archive maintenance costs and service records, which is essential for certain businesses in industries which require them to meet specific regulations or compliances. By continually documenting these operations within a CMMS, businesses can be certain they are meeting all standards required by regulatory agencies within their field in the case of an audit or inspection.



7. Informs Investment Decisions

Using past data reports via a CMMS, your company will be better able to make cost-effective decisions about your business and find smarter solutions for helping it operate. For example, by looking at your past equipment purchases and data, you can analyze whether or not it would be a financially sound decision to make the same purchase again or seek another, cheaper option. In general, [businesses can expect to save up to 20%](#) of their total inventory costs by optimizing their assets and making informed purchasing decisions.

8. Integrates with Other Software

The major drawback of outdated maintenance management systems such as paper or spreadsheets is they are unable to work with other software solutions. Most CMMS options, however, provide seamless integration with third-party service management apps like Zendesk or Jira. This feature allows your company to truly operate your maintenance processes as efficiently as possible.

How Asset Panda Can Reduce Your Maintenance Costs

As one of the leading asset management SaaS platforms around, Asset Panda is capable of helping your business save money by eliminating unnecessary maintenance expenditures. In many ways, our software is similar to a CMMS in that it provides all the features and capabilities noted in the benefits section above, plus more. Here are a few ways Asset Panda can help you manage your maintenance program:

- Asset Panda allows for as many users as is necessary for your business to function smoothly and for maintenance to get completed. You're also able to assign security-based roles to each user, which means your maintenance team can use the software to track their tasks and schedules without seeing or accessing private company information.
- Our cloud-based asset management platform is available on both the web and on mobile, which means it's available to you and your users 24/7 from wherever you have an internet connection. This is especially useful if maintenance needs to be done out in the field where an employee wouldn't normally be able to access records or information.
- Asset Panda's software is updated in real-time across all users, and emails can be sent out every time an asset is changed. This means the moment maintenance is performed or a work order is finished, you will know exactly what's going on within your company and can make adjustments if these actions are costing your business too much money instead of helping you profit.
- Customization is highly possible with Asset Panda. Our team is always ready to help adjust our software to fit your exact needs, including adding specific tags, fields, actions, and even pictures to help you better manage and control your maintenance program and all related costs.
- Our mobile app contains a barcode scanner, which allows you and your employees the ability to scan and populate information for assets wherever they are. For example, if your mechanic wants to update the records for a company vehicle housed in a garage located a few miles away from the headquarters, all he needs to do is scan the vehicle and your executive team in the main office will see the updates without having to travel to the garage.
- In general, Asset Panda helps you save money by diligently tracking your assets and equipment throughout their entire lifecycles, providing you insights into how your company functions and where you can cut costs.

Several Asset Panda customers have used our software to improve their maintenance operations, one of them being AIRTEST Company, Inc. AIRTEST provides testing, adjusting, and balancing services for HVAC systems in professional and commercial buildings. Before implementing Asset Panda, AIRTEST didn't even know the last maintenance records of their assets, but this all changed after trying our software:



“After trying, unsuccessfully I might add, to keep a spreadsheet updated to keep track of all of our test equipment locations and calibration status, we knew we needed a more effective and reliable way to track our assets. We had items on the books that were lost, probably years ago, and we were losing valuable time and money trying to locate these items time and time again. There were no notes or details to keep the team informed on where particular assets were, who had them, their check in/check out status or even their maintenance records. With 20 plus field technicians moving equipment to and from multiple locations, keeping up with all our critical assets was next to impossible.

Since migrating our asset tracking and management to Asset Panda, I feel like we cannot be without the product ever again! With Asset Panda we are able to dial in our equipment to who has what and where, calibration status, etc. When someone needs a particular instrument they can check the Asset Panda mobile app to see who has what they need, making our employees and the office as a whole more efficient. We now have an accurate inventory of who has what in real time, and there is no more hassle or struggle in trying to update spreadsheets.”

Brent Wyman, Vice President & Operations Manager

Another Asset Panda customer who has benefited from the platform is a real estate rental company, Holiday Isle Property, based in Florida. Using our barcode scanning feature, the rental company was able to scan the keys for each property before handing them out to maintenance crews coming in to clean the homes vacated by tenants.

If you're interested in seeing how Asset Panda can aid in managing your maintenance systems, sign up for a free, 14-day trial, or give us a call at 855-898-6058.



About Asset Panda

Asset Panda, the most powerful, yet simple to use free asset tracking software in the world, enables clients to track their IT assets exactly how they want, and from the mobile devices they already carry. The platform may be accessed either online or via free mobile iOS and Android apps that sync with the cloud. The apps include a mobile barcode scanner, so there's no need to purchase a separate handheld barcode scanner. Users can add voice notes, videos, documents or photos to the asset's information. The tool allows users to view check-in/check-out status, GPS location, lease/purchase information, complete maintenance history, insurance information, and the depreciation and in ation calculations your accounting and compliance teams require. Companies of every industry sector and size – including some of the world's biggest brands – have chosen Asset Panda to help them manage millions of dollars' worth of vital assets.



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