

## Using The Five Year Plan To Reduce Maintenance Costs

Suppose somebody were to ask you “What do you do for work?” The conversation might go like this:

Your reply: “Well, I’m a facility manager” or “I am a chief engineer.”

Their reply: “A facility manager – what is that?”

Your reply: “Well I maintain buildings, I keep the building running and fix things when they break.”

If that sounds like your response – stop right there! If you believe your job is to fix things when they break – you’re missing the boat! Unfortunately, in this industry, we tend to be more reactive than proactive. We spend our existence fixing things as they break, instead of fixing things before they break. To evolve into a truly proactive organization, two things must occur:

1. We must vigorously perform preventative & predictive maintenance, and
2. We must have a plan for repairing and replacing assets that have exceeded their useful lifespan.

In this article, we will focus on item #2 and the use of an invaluable tool, commonly referred to as a “five year plan”.

First though, let’s examine why asset planning is so vital to our success. It’s been said, “If you can’t forecast it, you can’t control it”, and that especially bears truth in maintenance and asset management. Too many times, due to a lack of proper planning, we are forced to maintain substandard equipment that has exceeded its useful life. We usually lay the blame on management, after all they won’t give us the funds necessary to properly maintain or replace the equipment. That may be true, but a deeper problem exists.

Perhaps we are not giving management enough advance warning that the equipment needs to be replaced or a costly repair needs to be performed. Due to our lack of planning, we did not request adequate funding for the replacement. In this case you must also shoulder a share of the blame. Of course, it’s sometimes difficult to accept blame, especially when others (management specifically) are such easy targets. A proactive maintenance mindset begins at home.

The five year plan is a tool that will help you to keep track of your assets

NOTE: If you do not have a copy of a five year plan, you may download it from this website. The file name is SAMPLE FIVE YEAR PLAN.XLS.

This tool is based on an excel spreadsheet and it lists a number of assets, both capital and O&M, that are of considerable expense and are therefore likely to be viewed as a budgeted project.

As you take a look at the plan, you will notice a list of assets at the left-most column. Of course, this plan is just an example, so you should populate your plan with your assets.

The second column identifies the remaining useful life of each asset. Since this plan is revised on an annual basis, each year the RUL will decrease by one year. Column three identifies the year the asset was installed.

The next series of columns represent the next five years, column one being the current year. Each year is divided into two categories, O&M expenditures and capital expenditures. As assets reach the end of their useful life you would identify the cost of the replacement in the appropriate column. Finally, at the far right you have a column for comments.

The beauty of this simple format is its ability to quickly communicate assets and their costs and date of scheduled replacement. Without a plan you will be forever stuck in a reactive mode, unable to control your time, your resources and your budget.

For those managers and organizations wishing to become more proactive, a five year plan is a must!

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The Carlyle Consulting Group is a corporate training and business consulting firm specializing in workplace productivity, operational benchmarking, process reengineering and compliance issues in the real estate and human resource areas.

