

## For On The Floor: Stretching The Maintenance Budget

Written by Rick Carter, Executive Editor  
Tuesday, 20 April 2010 10:15

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If a single word can instill apprehension, a top contender would have to be “budget.” Nearly any time it pops up these days, something negative follows. Maintenance pros know this just as well as those in other lines of work: Discussion of “the budget” is often a pretext for announcements about reductions or freezes in funding for projects and operations, while other company goals (production, efficiency, continuous improvement) stay the same. It’s the old, familiar “do more with less” syndrome that, in 2010, seems to have graduated from a conference presentation topic to standard business practice.

With their unique analytical and practical skills, however, maintenance professionals may be among the best equipped to resourcefully ride out budget storms and other economic tempests. This is at least partly confirmed this month by the Maintenance Technology Reader Panelists, who answered our question: “What do you do to stretch your maintenance budget?” Here’s what they had to say:

### **In-house expertise, a distributor’s assistance**

“I have utilized methods from the ’30s, ’40s and ’50s to make mechanical repairs that the older journeymen taught me when I was an apprentice machine repairman,” says a food-industry maintenance supervisor in the upper Midwest. Even today, he notes, “everything is not electrical or electronic,” and his ability to make complex mechanical repairs in-house saves money.

This Panelist has also learned to tap sources of no- or low-cost outside help, such as the local branch of his MRO distributor. “This is one big item that has saved my company significant sums of money,” he acknowledges. “Dealing with the (distributor’s) manager there is like having an additional engineering department on staff. My reps are sharp on many subjects, plus this distributor has a multitude of sales

engineers and product experts that they bring in for actual problem solving, if needed. When we get stuck on something,” he adds, “they will have a solution.”

### **PM extensions and inventory cutbacks**

For a maintenance supervisor at an imaging company in the South, 2009 was tough financially. A sales downturn prompted his company to undertake budget-stretching strategies on several

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fronts.

“First, to reduce costs, we extended most PMs requiring parts,” he tells us. These included control-valve rebuilds, water- and air-filter changes and pump rebuilds. The extensions were possible without compromising equipment integrity because of lower production volumes in 2009.

“Second,” he says, “we reduced stores inventories for spare parts. This was done in two ways: Materials we had previously ordered in larger volumes for EOQ (economic order quantity) reasons, we now order only in quantities for immediate use. Also, we reduced our stock of spare parts that are second-order critical, such as a mechanical seal, shaft sleeve or other pump-rebuild parts that are also available as an on-the-shelf complete spare pump.”

Finally, he continues, “some failed parts were rebuilt instead of purchased new.” In the case of one needed production machine, he recalls, “we purchased it used from eBay.”

While pursuing ways to save company funds, this Panelist faced another challenge when his plant was downsized. Avoiding layoffs of his skilled maintenance workers became an immediate priority, so he reassigned some to part-time operator positions. He also “partially reassigned two maintenance techs to cover routine security functions that were previously contracted to an outside firm.” He points out that this strategy has been a success, and that he hopes to end it this month.

### **More PM extensions, ‘outside the box’ thinking, free training**

At a utility in the upper Midwest, a mechanical maintenance supervisor prescribes, among other things, closer scrutiny of PMs. “During tough financial times, precision maintenance and Pd/PM maintenance becomes even more important and a key to our company’s reliability and availability.” As he puts it, “Using these programs to drive the maintenance effort, we only repair what requires repairs. And when done correctly, we can expect an increase of mean time between failure.”

This Panelist cautions that “good techniques of risk management” must be used to determine what items can be deferred. He also says it’s important to keep an open mind when wrestling

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with ways to trim expenses. “Think outside of the box,” he advises, “and look at different ways to accomplish the maintenance activities.” He believes that this also applies to training, noting that even though travel and training budgets may be cut, training should not suffer. According to him, you can work around this budget cut by turning to the many “good, free Web-based training sessions available. And be sure to make use of in-house expertise for refresher training.”

In tough times, closer scrutiny should also be applied to the bidding process for work by outside contractors, he advises. “Bid and qualify both union and nonunion,” he urges, “and select the best value for the dollar.”

He also offers these words of wisdom: “Share your budget concerns with the workforce and ask for their thoughts and input.”

### **Beware the pitfalls**

Not all Panelists are fortunate enough to work in environments that encourage creative solutions and open communications. In situations where budget-stretching initiatives are begun without foresight and understanding of the processes they will affect, more problems can be created than solved. An auto-industry PM leader in the Midwest, for example, explains how his company’s choice of a standard cost-cutting solution—*reduction of in-house parts inventory*—has been ineffective due to mismanagement of the chosen parts-replacement process.

“Since we went to an off-site commodities-managed crib, and pretty much took our cribs out of the plants,” he laments, “it has caused more delays and unnecessary downtime while waiting for parts. When parts are shipped, it is a crapshoot at times to see if the right parts are sent. Though this was done as a budget-saving measure,” he notes, “this has not yet been proven by us.”

He further explains that usage-driven stock-part replenishment often fails at his plant because of a decision not to fully automate it. “We went to a two-bin system with parts being stocked by usage. The only problem with that is a lot of the parts that are not shown with a high use are not stocked because they are bought on a spot buy. But the ordering system they use is inadequate and does not show the part usage.” The result, he continues, is that “time after time, we are waiting for the same highly used parts. Many of the tradesmen have complained to upper management,” he says, “but we have not seen any improvements.” **MT**

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Have your comments and observations included in this column by joining the Maintenance Technology Reader Panel. Send an e-mail to [rcarter@atpnetwork.com](mailto:rcarter@atpnetwork.com) with the following: your name, title, contact information, years of professional experience and name and location of your company. If qualified, you'll be admitted to the Reader Panel, and receive requests for your thoughts on industry topics approximately every other month. After one year of active participation, you'll be entered into a drawing for a cash prize, as a token of our thanks.