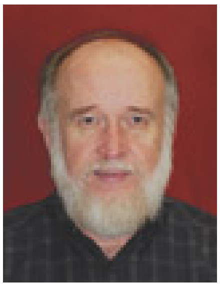

Our economy seems to be slowly climbing out of the recession. Like you, we're keeping our fingers crossed, hoping there is not a "double dip" in store for us.

If your company has used slash-and-burn, lean-and-mean cost-cutting tactics to make it through these past two or three years, I'm pretty sure maintenance had to slash budgets, hold back spending, defer projects and focus on short-term accountable activities. When cost-cutting is the goal, the temptation is to make maintenance a target. After all, maintenance is an expense, a necessary evil at best, but definitely an expense to be minimized. Right?

Wrong. There's nothing inherently wrong with cost-cutting—*it can work well in the short run and almost always works when applied to pure waste*
. There's plenty of waste in maintenance and we should be getting rid of it. But cutting costs in maintenance by doing less maintenance can be dangerous. Perhaps you have heard the expression "You can't cut your way to prosperity." This admonition also holds true for maintenance.

Repeated studies have shown, and experience has demonstrated, cost-cutting initiatives in maintenance not only *do not work* (because somehow we don't cut *waste*, we cut *activities*), they often drive costs in exactly the wrong way (up) in very short order, because not doing maintenance turns out to be expensive, too.

Cutting maintenance activities and expecting expenses to go down is like cutting back production and expecting more product out the back door. That's because maintenance is not (strictly) a cost. When done right, maintenance is a *contributor* of capacity, thru-put, safety/environmental integrity, quality and scheduling agility—

all things manufacturing plants need more of, not less
. Maintenance may be on the expense side of the ledger, but it can't be treated like office supplies.

In asset-intensive industries, physical assets make a major contribution to the value chain by which a company successfully provides the marketplace with products and services at prices customers are willing to pay. To me, this makes asset management a *strategic* function, worthy of at least as much attention as financial or human resources (both of which have C-level attention). If you don't agree, which consequence of not properly managing physical assets do you not understand?

- Lost production
- Lowered quality of product
- Loss of customer loyalty
- Lower revenues
- Lower margins
- Lower ROI; reduced ROCE

Treating asset management (aka "maintenance") as an expense to be minimized—*rather than as a contributor to be optimized*
—is a serious (maybe fatal) mistake for asset-intensive companies. Physical Asset Management is a core competency in manufacturing; getting it right means it cannot be ignored, trivialized or outsourced.

Strategy or not, recovery or not, you are now faced with doing more with less—*it's called productivity improvement*
. Productivity is the ratio of outputs divided by inputs. Productivity improvement is achieved by improving that ratio, an elusive objective in the best of times, doubly challenging in lean times. To be sustainable in the long run, maintenance will lower operating costs through changing the ratio of outputs and inputs by adding value, not simply "cutting the costs" by doing less maintenance.
MT

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The opinions expressed in this Viewpoint section are those of the author, and don't necessarily reflect those of the staff and management of Maintenance Technology magazine.