

Where To Place Your Bets In 2002

Written by Robert C. Baldwin, CMRP, Editor
Tuesday, 01 January 2002 14:04



Robert C. Baldwin, CMRP, Editor Good news. At least I think it could be good news. The dot-com bust and the telecom disaster have messed up spending in the information technology (IT) sector. Analysts are saying that there will be negligible growth in IT spending this year. Why is that good news? If you are in the IT sector it's not. But if you are in reliability, maintenance, and asset management, it could be good news because it may be signaling a return to more balanced spending and a leveling of the carpeted playing field where you go to compete for corporate funds.

During the Y2K frenzy and dot-com explosion, IT had the edge when competing for funds. Lots of IT projects got the go ahead without being fully investigated because many executives thought that all spending for this technology was fail safe and that the answer to all productivity and supply chain problems was technology, the more the better.

Now, after the gold rush, it seems obvious that spending for IT is not special; it is just plain old-fashioned capital spending. There is always a risk, but it is less when you investigate thoroughly and spend wisely.

We know that effective asset management can enhance a company's return on net assets (RONA) and boost shareholder value. It adds to the numerator of the RONA equation and cuts into the denominator, making it a good investment. So now is the time to make your pitch for reliability and maintenance funding.

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Although the playing field no long favors IT, don't expect funding to be any easier. Commercial credit is tight. Many companies have been unable to borrow as they would like to get them through the current economic crunch. They are robbing Peter to pay Paul, and Peter is often the code name for maintenance.

If there is less money to go around, you have to make your pitch count. What will you ask for? What will give the best sustainable return?

Where should you place your bets? Technology for information management or predictive maintenance? Or, should it be for softer stuff like additional training for technicians or planners? Or, perhaps, fees for a consultant to facilitate maintenance and reliability process improvement?

Maintenance management is a balancing act. Too much effort in one area at the expense of others can throw the whole process out of whack.

Now that the funding game is no longer rigged, where do you place your bets? Insufficient payback, and you may not get another chance. Unsustainable return can be almost as bad.

Does anyone have a system guaranteed to beat the odds? If so, we would like to hear about it.

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