

The Hidden Costs of Delaying *your* CMMS Project



Introduction

Founding father Ben Franklin once said, “Don’t put off until tomorrow what can do today.” So why do so many organizations delay projects to implement or replace their CMMS solution? Most state that they simply cannot budget the time required to manage the evaluation, selection, and onboarding processes.

But the irony is that many cannot afford to put the evaluation off any longer. In fact, the hidden costs of delay will continue to compound over many weeks and months taken to prioritize the project.

CMMS solutions have been proven to help organizations of all shapes and sizes to streamline work order processes, shift their maintenance programs from reactive to proactive, and gain greater insights into key metrics via dashboards and reports.

Hidden costs from lost productivity.

Section 01

Industry analysts and independent studies note that CMMS solutions can save 10-50% of lost productivity every year.

So, let's consider an example of an organization that determined it could save 30% in productivity costs for their facilities and maintenance management teams by purchasing a new CMMS. The organization had 10 technicians, who are each paid an industry-average of \$34,000* per year, which means they would achieve annual savings of over \$100,000 with a CMMS.

By delaying the project, the organization was losing roughly \$8,500 each month. Ironically, the cost of a new CMMS is nearly the same amount.

Determine your hidden costs from lost productivity

(Number of Technicians x Annual Compensation x Percent Savings from a CMMS)

*Source: PayScale.com



Hidden costs from downtime.

Section 02

Maximizing uptime and minimizing downtime is always the name of the game.

Ensuring that your facilities, plants, property, and equipment is running smoothly is paramount to your success. According to the U.S. Department of Energy, organizations can save 12-18% in annual operating costs by implementing preventive maintenance programs.

Let's take a look at another organization that was experiencing significant downtime of key assets that they depended on to serve customers and drive revenue. The downtime began to add up and soon they were paying technician overtime, delaying shipments to customers, and working around the issue versus solving it. All of their processes were reactive and they had very little proactive maintenance programs in place. They knew a CMMS solution could help them make the shift from reactive to proactive, but it just wasn't the time.

Still, every month that went by they were experiencing more than \$10,000 in costs attributed to downtime. A CMMS solution for this organization would have cost just \$18,000 annually, so in just two months they would have achieved a positive return-on-investment (ROI).

Determine your hidden costs from downtime

(Hours of Downtime Per Month x 12 Months) x (Cost per Hour of Downtime) x (Projected % Savings by Implementing a Preventive Maintenance Program managed by a CMMS)



Hidden costs from **inventory issues.**

Section 03

Maintaining your facilities, plants, property, and equipment often takes inventory. But if you are carrying too little or too much, costs quickly follow.

Let's consider one organization that was experiencing both problems simultaneously. They had too much of certain inventory that was never used, but too little of critical items. This led to last-minute orders, overnight shipping, and other expediting costs. It also slowed down processes, so much so that they missed customer deliveries.

In the end, they were left with more than \$15,000 in costs and nearly \$10,000 in penalties. This situation could have been easily avoided had they not delayed their CMMS project.

Determine your hidden costs from inventory issues

(Number of Occurrences Per Month x 12 Months) x (Average Cost per Occurrence)

Hidden costs that vary from one organization to the next.

Section 04

Every organization is different and with that comes hidden costs that follow their industry and focus areas.

Manufacturing and production environments

In manufacturing and production environments, for instance, we often see fines from local, state, and federal agencies that regulate compliance and safety standards. Failing to comply and report key information can cost hundreds to thousands for each infraction.

Education

In schools, revenue from renting facilities that is not collected properly could mean thousands of dollars per month in lost income.

Organizations that serve the general public

Organizations that serve the general public could be subject to unwanted costs stemming from accidents, injuries, or worse because their facilities and grounds were not properly maintained, marked, or otherwise unmanaged.

Every organization

Virtually every organization has hidden costs stemming from incomplete onboarding and implementation of their CMMS solution. Others also find costs from users who are unable or unwilling to use the solution because it's not easy to use, not intuitive, or takes too long. In these cases, work either piles up because it was never requested, it was requested incorrectly, or other problems arise that end up costing the organization money later due to rework, reactive work, or another less efficient way of finishing the job.

What are your hidden costs of delay?

FMX makes it easy. As the highest-rated CMMS solution on the market today, FMX works hard to streamline every step of the buying and onboarding process. From our highly-trained sales team to our proven customer success experts, FMX will help you make the best choices for your organization today, and for years to come.

Don't wait - schedule a demo with one of our product experts, today!



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