

## Product of maintenance

Initial reviews are in: The Complete Guide the Preventive and Predictive Maintenance is a winner and you can order it from Amazon.com right now.

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I had the wonderful opportunity to work in a gold mine in South Africa. Deep (like 10,000'), hard rock mining is a tough, dangerous proposition. Maintaining the equipment is likewise tough and dangerous. Even in that tough environment the basic lessons are important. For example I asked them the easy question, "what is the mine's product?" Of course they could answer "the Mine's product is GOLD" (with a dummy added under the breath).

Then I asked what was the product of the maintenance department? The universal answer was that the maintenance department's product is a repair to broken equipment. Superficially that makes sense. When I think about the service department at a new car dealer I think in terms of my car is broken, they fix it. I pay for the repair. Therefore they are in the repair business.

Is the maintenance department of a mine any different from a service department in a car dealer? I would say this point is the core difference between struggling maintenance departments and great ones. The answer of this query also explains the focus of management.

The maintenance department's product is CAPACITY. It is the capacity to dig up the ore and turn it into GOLD. It is the capacity created by maintenance that is valuable not the ability to repair equipment.

What difference does this make? If capacity is the product then management should be focusing on optimizing capacity (the most capacity for the least resources). Since the capacity is so valuable the maintenance resources is a small input into the calculation. If repairs are the product then the focus is on cutting the cost of repairs by reducing parts inventory and number of people in the department.

Lets get back to mining. If nothing breaks we might able to mine enough ore to make 50,000# of gold a year. But due to breakdowns and downtime we actually only get 35,000# per year. The maintenance budget might be around \$15,000,000 to achieve this level of production. Then the gap is 15,000# of gold a year. That might not sound like too much but a pound of gold is worth \$5600, so the gap is worth \$84,000,000 every year.

With proactive maintenance and other good maintenance practices we might be able to close 15% to 20% of the gap with modest (percentage wise) increases in the maintenance effort. Increases in the maintenance budget, which would be temporary,

might amount to \$1M to \$2M per year for a few years. The extra investment might be in systems, increased inventory, additional training or some combination.

In the beginning was a change in attitude toward maintenance. Maintenance makes capacity. There is way more money to be made annually for the company in increasing capacity then there is in a decade of maintenance budget cuts. The economics of good maintenance can make significant return on investment to companies willing to change their attitudes.

Thanks for reading- Joel

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