BUILDING A BUSINESS CASE FOR RELIABILITY

THE FUNDAMENTALS

Quantifiable Investment

The investment must be completely and accurately quantified. Too often the investment is significantly understated—often limited to the cost of a consultant or software program with no thought of the internal, remedial and ancillary costs that will be incurred during implementation.

Align with Financial Cycle

Benefits are not instantaneous. It takes at least a year or more to implement changes such as standard work. As a result, there will be a lag between initial investment and the beginning of payback. Benefits will also be exponential. They will start slowly and compound as the reliability improves. Build your business case to match your organization's normal financial cycle, typically three to five years. Some organizations even look out to 10 years for justifiable financial investments.

Benefits Must Be Real

If the potential benefit does not change the bottom line of your financial statement it is not real. Justifications are frequently made based on improved efficiency—especially wrench time in maintenance—that does not change the incurred labor cost. If the headcount remains the same, no matter how efficient, the cost does not change and there is no benefit. Always remember, you will be expected to deliver on your promises.

Partner with Your Finance Team

Couch your business case in terms your organization already uses. Not all organizations use simple return-on-investment as the evaluation tool. Talk to your senior financial team and get their help. At the end of the day, they will decide whether to fund your reliability investment. It's in your best interest to get them involved early.

From the "Building a Business Case for Reliability" whitepaper
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