THE SECRET TO EXTENDING THE LIFE OF YOUR ASSETS

How do we extend the life of our fiscal assets? It’s really a pretty simple answer, “Maintain each asset in a like-new condition”. I realize for some of you this sounds way too expensive, but the reality is that it is cheaper to maintain equipment and assets than it is to repair and fix only when they fail.

Ask yourself a couple of simple questions.

1. Why do you service your car on a regular basis—change tires, oil and filter, rotate tires, check air pressure, etc.? The answer is to extend the life of the car.
2. So why don’t we do this at work? I’ve asked this of customers and clients for 20 years and all I get is the “deer in the headlights look”!

Maintaining assets in a like-new condition is much cheaper than waiting for them to fail. It’s common sense which unfortunately is not too common. Remember reactive work is 4-6 times more expensive than proactive work.

Some years ago I had my financial advisor, who used to be a hospital administrator, develop an example and case study on the cost comparison would be for taking care of an asset would be compared to not taking care of one. The scenario I gave him was centered around a $50,000 air compressor. The scenario was what it would cost to buy and maintain a $50,000 compressor for an estimated 15 year life versus one you don’t take care of and lasts only 5 years. This means one lasts 15 years and in the other scenario you have to replace the compressor every 5 years. The difference is hundreds of thousands of dollars. This is a link to the actual spreadsheet. So you can plug in some of your equipment and see the scary financial details.

So the bottom-line is to take care of your assets like you take of your spouse, or significant other, or if you are all alone, like you take care of your primary mode of transportation. A little TLC, a little maintenance, a little wash and wax, and a rear view mirror pine tree and you will be fine.

Good luck!