



There is Gold in Them There Warranty Hills

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Last month I mentioned that in the future I would be sharing Cost Improvement/Reduction (CI/CR) ideas with you that you can investigate for implementation in your Maintenance Organization and perhaps, across your entire corporation or company.

This is important to you because CI/CR is one of those line items that should be on your Personal and Company Objectives. Did you ever stop to think how many man-hours or operational dollars you could save with one simple idea that reduces cost in your daily operations?

When I buy a new car, I track the warranty very closely. It almost becomes a game to see how much free service I can receive from the dealer. One thing is sure, new cars cost so much these days, there is very little money left over in my budget for repairs, so my new cars have to be covered by a warranty for at least the first 5 years or 50,000 miles.

For instance, every time you purchase a new piece of equipment, you receive a warranty and a list of preferred/critical spare parts. When you put the equipment into service, you inventory these spare parts so you can ensure that you keep the (perhaps vital) piece of equipment up and running and therefore your operations making product for your company. You should note that each one of these spares also comes with an individual warranty. When you put the spare parts in inventory and forget about their warranties, you will simply replace the original defective part in the original equipment when it fails and keep on trucking. When you track the parts warranty, you ensure that you know when you need to ask for a free replacement part, under warranty.

One company I know bought a 5 ton AC system and put it into the bone yard under a tarp. **Note:** They had plenty of original justification for this emergency spare part. The maintenance folks walked by this system for 5 years without noticing it. They even replaced the original system with a new system without knowing that this spare was sitting in the bone yard. We found the system during a simple audit of the bone yard and asked a few questions about the system. What we found out was the engineer who purchased the system originally had long since left the company. Since maintenance did not have a simple warranty tracking system the system became a cost and was lost. To me, this is a terrible waste of company resources.

Another company keeps its small replacement motors in a dark corner of the maintenance storeroom, out of sight and out of mind. Older maintenance personnel have been known to rummage through this area when they are looking for spare motors or spare motor parts. Most of them simply take their credit card and order a new motor from the supplier.

Suppose they listed the motor information on a warranty card and filed it in a central location. It could be an Intranet Excel spread sheet or a CMMS system with a warranty tracking module. Then, when the replacement need arises, they could check the system and make the correct



CI/CR decision for the company. How many dollars could they save in a year with a simple Warranty Tracking System?

Remember, that you too purchase new equipment with critical spares and replacement parts for your maintenance inventory.

Your challenge this month is to create a warranty tracking system for your maintenance organization with three simple objectives:

- 1) Track when and what was purchased and the length of its warranty or warranty expiration date.
- 2) Maintain this record 100% of the time, as it changes and act on the information contained in the system.
- 3) Claim those warranty dollars for your company and report your results monthly. If you don't buy it you save its value against this month's expense budget.

Turn your Warranty Hills into Gold!

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