

IS BIGGER BETTER? HOW TO GET MORE ROI ON MANUFACTURING MACHINERY



Manufacturing as an industry has been growing in recent years, which can be attributed to new developments in technology. More efficient machinery, faster processing and packaging, and streamlined factories have improved manufacturing performance and capabilities, helping to simplify today's complex production processes.

There has been a lot of pressure on companies to take stringent measures to remain competitive. One strategy is to invest in innovation. Those businesses with the most productive investments in their manufacturing machinery will outdo their counterparts.

But is bigger always better? How do you know if you're getting the best investment? How can you ensure you get the return you want on your purchases? Below are three concepts you should carefully consider as part of your evaluation on how to achieve the best return on manufacturing investment.

The Bigger the Better

I would propose to you that bigger is indeed better, at least with regards to equipment purchases and maximizing return on investment. Quite often, going big can save you more. Companies can lower their production costs immensely by acquiring larger machinery. Equipment with higher throughput not only increases output, but the cost of running such machinery over time will likely result in a lower cost per unit for a lower total cost of ownership (providing production capacity is attained or improves over time).

For instance, almost every manufacturing company needs to package their products before releasing them to the market. If the company decides to go for small handheld machines to perform this process, then it means that they would need to employ more labor to achieve the same results. Every extra labor resource that is needed to operate a small machine is an incremental expense to the company, which can eat away at profitability. A bigger machine could avoid this extra cost, save time, and likely deliver more consistent results.

Look at what kind of investment you're getting into in the beginning as well as what the long term costs are that you can save before making your final decision.

Invest in Maintenance and Repairs

Having a big machine does not guarantee better returns all the time. Remember that every time the machine is down, production ceases. It can prove difficult for a company to get production going once a machine has stopped. Downtime will also inconvenience clients, who may consider taking their orders elsewhere.

The greater investment you make in a single, larger machine means that you must also be constantly maintaining that investment. The better taken care of they are, the less expense they will require in repairs (and the better Overall Equipment Effectiveness or OEE metric you will attain). You also don't want to skimp on repairs. Sometimes it makes sense to outsource this project to other companies like SIAT S.p.A., which can maintain machines and provide better maintenance and parts than you might be able to yourself. The cost of a fix will be a lot less than buying a whole new machine, or employing more workers to pick up the slack.

Source: <http://www.aprison.com/blog/2015/08/the-bigger-the-better-how-to-get-more-roi-on-manufacturing-machinery/>