

Breakdown Blues

It's a common enough story that can make grown men and women cry. A truck breaks down and the load is ruined. I personally saw a load of lettuce coming east from California after 10 hours in the desert sun (after the reefer quit). Pretty disgusting. Even the rabbits weren't interested!

That's half of the story for customers. Another truck had a load of colorant for plastic (this is a plastic resin containing concentrated color. It is mixed with the plastic pellets for injection molding of colored products). This truck had a minor failure that resulted in a roadside breakdown. Unfortunately the driver was in a dead cell area. He used CB relays to get word to a repair facility.

His JIT (Just-in-time, where you have to deliver a component of a product at a specific time) window closed and the missing shipment shut the manufacturing process down. The problem for the shipper was that it was the first shipment of a \$40 million contract for a new customer in a new industry. Ouch!

Breakdowns are not only not ok but there are costs way above the repair costs. In fact in some industries the 'other' costs are 10-100 times greater than the repair costs.

The costs of a breakdown could be considered like an iceberg. Above the water line are the repair costs including parts, labor and outside vendors. Below the water line (90% of the iceberg) are the 'other' costs.

Here is a mental exercise. Take the last few breakdowns and make some educated guesses. If you do, you may be surprised.

Cost of Breakdown What is the total cost for a couple recent breakdowns?

ITEM	COSTS FOR BREAKDOWNS						
Operator or driver (crew) idle time							
Cost of lost production or lost revenue from having the unit out of service							
Extra travel time for mechanic							
Extra repair time due to field conditions							
Cost of disruption to other activity that is left							
Extra costs due to core damage							
Extra damage of associated parts							
Extra costs of outside vendor parts and labor							
Spoilage of product							
Delay penalties							
Refunds of shipping costs							
Loss of goodwill							
Cost of overhead associated with original assignment							

Total costs associated with breakdown | | | | | | | | |

The amount of money can be staggering. A chart like this is one of the best arguments to improve the PM effort, buy a computerized PM system or get training for your shop employees.

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