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TIPS for JUSTIFYING UPDATING OLDER EQUIPMENT vs. PURCHASING NEW

To assist our customers in justifying their projects, we will discuss some considerations that are easily overlooked or difficult to define. We will address costs and benefits hidden in the following areas:

- Obsolescence
- Meeting special needs
- Training costs
- Machine image
- Process knowledge
- Broken vs. worn out
- Spare parts availability
- Suitability

While the significance of these items will vary by the nature of the project under consideration, we believe they are important factors in any project.

Obsolescence

Whenever significantly improved technology becomes available, two questions need answering:

- a. Will the technological change produce enough savings after interest expenses to pay for capital, additional training, and culture change? Will this occur before the new equipment is worn out or obsolete?
- b. Can the existing equipment be updated to produce most of the benefits of new equipment at a fraction of the cost? Since controls typically cost much less than “iron”, huge benefits are possible by updating control systems. Often, the technological changes introduced on new equipment are in the controls, not in the “heavy iron”. In some instances, machinery builders have weakened the “iron” to reduce their price to entice their customers to buy their new machines.

Answering these questions can be difficult. The huge potential savings make the effort worthwhile.

Meeting special needs

New machinery is designed to appeal to the greatest number of customers. If your product fills a niche market, standard machinery may not be well suited to your needs. Updating older equipment provides an opportunity to customize the design to meet your needs and to address any inefficiencies inherent in standard equipment.

Please visit our WEBSITE.

<http://www.americanpresstech.com>

Training costs

Updating machinery that is familiar to your people reduces the time and effort required for people to adjust. In addition to operators, change often affects layouts, material specifications, maintenance procedures, and spare parts inventory. To control training costs, all equipment should be carefully designed to provide systems that are easy to operate, troubleshoot and maintain. The more intuitive the system is to *your* people, the quicker it is understood, and the fewer mistakes made.

Machine image

The benefits of new equipment on plant and corporate image are real, and well known. The benefit of well-engineered and maintained machinery that is suited to its use has an even greater long term benefit. Everyone gets excited by a new machine. The excitement fades quickly if the new machine does not perform up to expectations. Excitement builds when machinery performs well. Customers and employees do appreciate the need for companies to spend their money wisely. The image of updated equipment can be greater than with new if the message to sales and manufacturing people is constructed properly.

Process knowledge

Updating machinery does require more up-front process knowledge to properly engineer the change. This requirement is often less than the knowledge required to efficiently operate new equipment. The choice is only whether to pay up-front, or after the fact. Up-front requires discipline. After-the-fact costs much more. With either choice vendor selection is critical.

Broken vs. worn out

If existing machinery is worn out, replacing it may make sense. If it is broken, a new machine does not offer any benefit unless its design has been strengthened.

Spare parts availability

Often there is a misconception about the availability of parts for older equipment. In many situations, parts for older equipment are more economical and readily available. Each case must be evaluated individually.

Suitability

Obviously, it is seldom, if ever, a good decision to put any significant effort into any equipment that is not well suited to meet the current market demands. The size, configuration, and technology employed should match the sales plan.

The performance of our updated equipment compares favorably with new equipment on the market today. With our costs at a fraction of new equipment, the greater return on your investment is a significant factor that is very difficult to ignore.

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