Calculating the cost of downtime

Faulty machinery costs UK manufacturers 3% of all working days, for an annual average of £31,000 per company.

Yet, 70% of companies don't know when their equipment is due for maintenance and 80% can't calculate how much an hour of downtime is costing them.

Would you like to be among the 20% who can?

Why it's important

Understanding the true cost of downtime allows businesses to plan investment based on tangible data, not gut feeling.

Example: a manager needs to invest £100,000 to save 10 minutes of downtime a day. Is it worth it? If downtime is costing the business £24,000/hour, the initial investment will be repaid in only 25 days.

But, how to calculate true downtime cost?

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Tangible costs

- Lost production.

- Employees' salaries — these can raise during downtime, for example if the maintenance team needs to work overtime.

- Utilities and costs associated with retail space.

- Lost or damages products, especially if you work with perishable items (e.g. dairy or meat processing).

- Replacement parts.

- Maintenance and consultancy provided by external experts.

This is the sum of the costs sustained while production is on hold, plus the resources needed to fix the problem.

Hidden costs

Harder to calculate, but just as negative for a business's profitability.

- Depleted inventories — when stocks start to decrease, the plant will have to compensate for it later by having employees working overtime and machines operating at full capacity.

- Lost new business opportunities.

- Erosion of clients' trust and reputational damage.

- Lack of creativity and willingness to modernise the business — when resources are all on fixing problems, none are left to promote innovation.

Partnering with a reliable supplier like EU Automation will allow businesses to save time and reduce the total cost of downtime.
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