Everything that Glitters Isn't Gold

By David Chadsey

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Getting the most for capital equipment dollar has a lot to do with working through an organized process towards purchase. Without formal planning, buyers can easily find themselves settling for products without the features and functions needed to meet their production and performance goals.

Most laundry operations considering a major equipment purchase have a general idea of what they want to accomplish. However, the process can become very confusing. Although there are similarities, all equipment manufacturers have different engineering concepts within their product designs. The goal is to sort through the volumes of information to find what is best for the operation, without necessarily accepting a generic solution.

Years ago Saturday Night Live had a skit where people came in to order fast food. No matter what you ordered, everybody got a cheeseburger. After more than two decades in the equipment side of our industry, I have noticed that distributors and manufacturers have a tendency to sell everybody the same thing. Some do conform to industry best practices, but others still resemble the "cheeseburger – cheeseburger" line from the skit.

Quantify Your Goals

The first step of the process is establishing formal goals for the project. Goals for new equipment can be difficult to quantify without a solid understanding of current metrics. Most plant managers don't know exactly how labor and utilities add up inside the plant, and often don't really know production and utility costs at all.

Working through the numbers can take time, time currently spent doing something else. Vendors can help in the evaluation, but it is important not to rely too heavily on someone with a vested interest in the data. Good numbers require evaluation from qualified and objective management. Sometimes this can be assigned as a special project within the organization, or outsourced as a formal evaluation.

Most laundry managers are a little uneasy with evaluations and exact figures. Sometimes it is the fear of the unknown, wondering if they are meeting industry standard performance goals. Some managers may keep built-in buffers of labor, supplies, or linen that only they know about. Either way, knowing the numbers is good. If help is needed, the best place to start is close to "home." Help is available from ALM, equipment vendors, colleagues, and consulting professionals – sources that have already been used in some capacity.

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The capital dollars required for new equipment today are substantial. Knowing the real numbers today and establishing realistic goals for the future will help confirm the need for that new product to improve the plant's operation. Once current data is validate, a course can be set for improvement.

As an example, an existing conventional wash aisle may require a single operator to produce 1,000 pounds of linen per hour and use 2.5 gallons of water per pound processed. To upgrade to an increased capacity of 2,000 pounds, there are two options: more or larger washers, or a tunnel washer solution. The quantified goals of the project will keep all options centered on actual requirements and not any specific technology.

Establishing quantitative goals up front provides a benchmark that can be referenced throughout the process to ensure the project stays on track. In addition to production metrics, it is also nice for the finance department understands the amount of money involved in advance.

Don't Get Distracted by Shiny Objects

Marketing plays a strong role in influencing purchasing decisions. Most marketing seeks to highlight specific features or benefits that a supplier believes they excel in. Although certain features may be nice, they may or may not be central to the project's specific goals.

Using the example above, a supplier may offer a product made out of titanium. It is guaranteed to never rust, pit, or scratch. It is also extremely easy to clean and is so shiny that the entire wash room seems to glow. To add to their offering, the vendor is seeking to promote this new product and will supply the entire package for $50,000 under budget, and feature the facility in a national advertising campaign.

Although this offer may be attractive on some levels, it does not address any of the goals central to the project. Surprisingly, it is not uncommon that a feature totally unrelated to the core goals of a project can end up as a major point during the final decision making process.

Avoid getting blinded by shiny objects. The best long-term solution will focus on features central to the established goals.

The Importance of Time Lines

Understanding the time required to implement a major project will help avoid a delivery driven solution. A purchasing decision based primarily on the delivery requirement is probably not the best option.

The best suppliers are often the busiest. Custom solutions may take more time to manufacture and install than a standard offering. Pushing vendors to meet difficult timelines compels them toward what is easiest and fastest, and away from meeting the ideal solution.

The following is a general timeline that can prevent making major decisions for the wrong reason. It is possible to buy and install production laundry equipment in less than a year. However, it may not be exactly what is needed for the budgeted cost warranted in a shortened purchasing cycle. Fast / Right / Low Cost – typically you can only pick two.

Manufacturing Lead Time	**90 – 150 days**
Site Visit Similar Operations	**45 days**
Draft Layout and Design	**45 days**
Vendor Proposal Response	**45 days**
Quantify Goals	**30 days**
RFP Development	**30 days**
Evaluation and Vendor Selection	**30 days**
Place Order	**15 days**
Installation	**Varies with Project Scope**

Quantitative Assessment

Quantitative assessment tools provide scoring of key goals in evaluating vendor proposals. Although personalities and relationships are important in choosing a vendor, developing a points system to evaluate the options will help in making the right decision. If there is a vendor of choice, possibly due to existing equipment or historical relationships, the points-assessment tool can help focus areas of negotiation where that vendor's offer needs improvement.

Quantitative goals become the basis for assessment. Using the example above, the assessment could be formatted something like this:

Quantified goals for this project could be:

- 50% reduction in wash aisle labor requirements
- 75% reduction in water usage
- 50% reduction in wash aisle energy requirements
- Minimum 24 minute wash cycle
- Maximum 10 hour daily production time
- 100% production increase in soiled linen sorting capacity
- Three-hour staged, sorted soiled linen capacity
- 30% washer redundancy requirement
- $1,000,000 total project cost, including production outsourcing during install

The evaluation above shows vendor #1 with the lowest price, but with no redundancy provision, significantly affecting their score. Vendor #3, with the highest score, has the median price and has delivered on almost all areas of performance. If vendor #2 was preferred prior to proposal submission, the assessment tool could provide areas of negotiation to improve their offer.

The assessment should be done by multiple members of the evaluation team. Different perspectives oftentimes value proposal offers differently.

Execution of Deliverables

Major projects can be very difficult to execute, especially in remodel and replacement installations. A formally written timeline and clearly defined vendor documentation should be signed off on before ordering any equipment. The best vendor will have a formal plan for installation. The plan should include daily and weekly timeline goals. Goals are divided into soft and hard expectations.

Quantitative Assessment

Maximum 20 Points per Goal, 50 points on Pricing

	Vendor 1	Vendor 2	Vendor 3
Labor	20	15	20
Water	20	15	20
Energy	20	15	20
Cycle Time	15	20	20
Production Time	20	20	20
Soiled Sort	15	20	15
Soiled Staging	10	20	20
Redundancy	0	20	10
Cost	50	40	45
Total Points	170	185	190

In a new wash aisle installation scheduled to last three days, the first day goal of having all the old equipment removed is a soft goal. Unforeseen circumstances could throw the schedule behind on day one, without compromising the firm goal to have all the machines operational by 6:00 am of day four.

Larger project timelines typically have a soft start date and a date for full production. Most manufacturers today ship ready to go. Having a scheduled soft start will allow technicians to dial in equipment for best efficiency and allow operators to acclimate to the new process without excessive production pressure. In the long run, the system will operate better if all parties have sufficient time to do their job.

There should always be a penalty clause in the agreement. If the job doesn't get done on time, somebody is going to pay. Unless it is spelled out in the contract, the laundry is left to carry the costs associated with a delayed project. If the vendor is not willing to be accountable to the timeline, they may have overstated their ability to deliver.

Planning and documentation are the keys to a successful capital equipment project. Going through the process in a formal manner provides organizations with quantified reasons for their equipment selections and more value for the purchasing dollar.

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