

Repairs & Maintenance

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A CAPITAL IDEA

How asset management can save you money

As the restaurant industry shifts from a technology-driven space to one driven by data, the ability to manage capital assets becomes increasingly important. With numerous high-dollar capital assets at each facility, it is crucial for you to know what is happening at each location and companywide.

Asset Tracking

Asset tracking refers to tracking unique items of value, whether physical or fixed, including capital assets at each location. With big dollars spent on mission-critical items—such as walk-in refrigerator/freezers, ovens, fryers and ice chests—managing them is of utmost importance to operations and the bottom line.

Traditionally, facility managers approach asset management with a work-order management system. Repairs are tracked in the aggregate per category (e.g., refrigeration) and on a reactive basis. When something breaks, repairs are ordered and costs are incurred.

Assets are commonly confused with “inventory.” Inventory is an asset that is intended to be sold, consumed or distributed in some way during the course of business. Restaurants typically do a great job managing food inventories, which along with labor data, give managers a precise picture of that part of operations. Until recently, assets did not receive this level of attention.

Asset tracking also differs from inventory tracking. Asset tracking is the process of monitoring the value of items owned by a business, along with pertinent details of each item, such as its location, ownership and warranty information.

As companies try to do more with less in a hyper-competitive environment, some are turning to the power of big data to drive real monetary results.

Big Picture Accounting View

All companies must account for capital assets, according to generally accepted accounting principles, and they must depreciate the assets based on a schedule. But there is more to it for effective investment management.

As Jack McNertney, Vice President of Real Estate and Facilities at Red Lobster, explained, company-wide guidelines for asset values and useful lives are followed consistently across all locations: typically five to seven years for equipment. The date of shipment begins an asset's useful life. The date determines if equipment is lasting as long as its book value. At Red Lobster, general managers have access to the accounting system and can assess whether it is cheaper to repair or replace an asset based on where it is in its useful life. This helps keep the overall organization goals in mind, especially since operators often prefer to buy new rather than repair.

More Effective Asset Tracking

As technology improves and margins tighten, many companies seek to track assets with more granularity. Asset tracking systems empower facility managers and the company at large to gain more information about an individual asset, spot trends and take advantage of warranties more effectively.

Asset tracking systems vary in how they capture and track individual assets, but most track the following:

- Asset category
- Description
- Manufacturer
- Model
- Serial number
- Cost

- Location
- Date of purchase
- Warranty terms
- Service details

The true power comes in the analysis and reporting capabilities of this data. Some systems use RFID tags while others use data entry or geotags. Whenever a change is made, the information is easily updated in real time.

Asset tracking provides real-time, accurate data on what a company owns, how an asset is used (or in some cases, not used), where it is in its lifecycle, its repair history and its contribution to the bottom line.

Mike Snyder, Senior Director of Development at Newk's Eatery and Co- Founder of EcoTrak FM tracking software, explained that one of the barriers to entry for asset tracking is the time it takes to complete the inventory and handle the initial cataloging of the assets. In his opinion, the effort is worth it as it takes only one service call under warranty to move into positive ROI. Inventorying and cataloging assets raises the visibility of assets and empowers facility managers to manage assets, reduce costs and spot trends across locations in ways previously not possible.

While each software company implements data capture a bit differently, an effective system should include cloud-based apps using phones and barcodes. EcoTrak FM uses a combination of data entry and data capture via mobile phone apps that photograph an asset's identification plate to obtain name, model and serial number. The information feeds into a database via an optical character-recognition process. All future service and information is then associated with one particular asset.

Benefits of Asset Tracking

Guessing always poses a huge risk. Tapping into the power of big data and granular asset tracking takes the guesswork out of managing assets.

Now facility managers can know the location, status, maintenance schedule and other important information about physical assets in real time via a mobile app.

Snyder explained that collecting warranty information on individual assets is one of the most powerful benefits of asset tracking. Less than 10 percent of warranty-eligible claims are processed because restaurant managers do not know how to process claims or have the time, energy or data to go through the process.

If you are not tracking data at the individual asset level, you have no way of knowing or proving you are eligible for the warrantied repair.

On a macro level, an asset tracking system provides useful analysis. For instance, repairs can be tracked across specific models of refrigerators and may help you discover that a certain model requires more service.

Facility managers are often asked why a particular piece of equipment is failing, where in the process something is breaking down, why costs are going up and if they are isolated to a particular make or model. The more useful information they have, the more effective decisions can be made and adjusted. Tracking assets empowers the team to provide answers.

Split testing also can be performed on strategic hypotheses. For example, to measure the impact of prevention and maintenance schedules on the bottom line, facility managers can choose certain locations and follow a prescribed P&M routine. Then, they can compare the data to a reduced P&M schedule to determine if the cost of a specific P&M service provides sufficient ROI. Benchmark testing is available with this level of data and reporting flexibility. These trends cannot be spotted using only a work order management system.

The Future Is Here

The days of mastering only the technology side of restaurants are fading. To be effective and profitable in today's environment, facility managers require financial savvy. Effective business decisions are anchored in the power of big data.

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