



Reliability = Profitability

Finance for the PAM Manager

Two Day Masterclass Series:
February 16-17, 2009

Centre for Maintenance Optimization & Reliability Engineering
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Mechanical & Industrial Engineering
UNIVERSITY OF TORONTO



Are you prepared for your role as a Business Manager?

Are you able to get your fair share of resources to do your job properly?

Do your Physical Asset Management (PAM) KPIs include the Financial KPIs that Executives demand?

Can you apply ROI, LCC, DCF and similar measures to your PAM business?

Does your PAM bottom line contribution show up in the company's results?

Can you reflect the increased value provided by increased reliability?

Is your success rate in getting capital projects approved high enough?

Do you have the tools needed to implement Life Cycle Costing?

Are your PAM decisions based on good financial business sense?

Introduction

A significant change in the role of the Physical Asset Management Manager is happening around the world. This is the emergence of the PAM Manager as a Business Manager – a Manager who is responsible to the Organization's Executives for optimizing the use of that scarce resource called money.

To respond to this, the modern PAM Manager needs to become familiar with the basics of financial management and financial measurement. We call this Financial Exec-speak; it covers the way senior execs think and talk about the spending and investment of resources in the various parts of their business – including PAM. Like it or not, PAM Managers are in competition with their internal colleagues for allocation of resources. Continually reduced budgets remind us that we are not winning this competition. If PAM Managers are to secure the necessary resources to do the jobs that need to be done to protect their assets (and better still, for them to take a place at the Executive table) then they must become comfortable with Financial Exec-speak.

To sell PAM concepts to Executives, we must use the Financial KPIs that are already familiar to them; but we must adapt them to show the true purpose of PAM – namely to add value to the organization. Every PAM Manager needs to be fluent in the Financial KPIs – ROI, Profit, Cash Flow, DCF, IRR (and other TLAs). These are the Financial Benchmarks of our business; they measure the impact of PAM on the bottom line.

This program provides an introduction to these tools and how they can be used to increase the impact of the PAM Manager in achieving their business goals. And NO! you do not need to be an accountant to understand and benefit from this program. Case studies and practical workshops will be used extensively throughout the program.

About the Expert Trainer

BEN STEVENS

Ben Stevens is the President of OMDEC Inc, a Canadian company specializing in failure prediction and reliability improvement, with a world-wide market in Reliability Software and Services.

Mr. Stevens studied at the University of Sheffield, England, receiving a Bachelor's degree in Economics and Accounting and a Masters in Managerial Economics. In his more than 40 years of experience in business, he has held a wide variety of positions, including Vice President of Finance and Administration in several Canadian manufacturing companies.

He founded his own company, DataTrak, in 1984, specializing in the design and manufacture of bar-code systems for manufacturing and maintenance tracking. The Company subsequently added the Canadian distributorship of CMMS/EAM systems – including sales, implementation and support. DataTrak later became a sub-contractor to the PricewaterhouseCoopers Centre of Excellence in Maintenance Management, focusing on business relations with the CMMS Vendors. During this period, Ben wrote and contributed many articles to books and magazines, including "Maintenance Excellence, Optimizing Equipment Lifecycle Decisions", co-edited by Dr. Andrew Jardine and John Campbell. Ben joined OMDEC Inc in 2003.

Ben is a frequent speaker and chair of international conferences – including 10 occasions as the Chair of the Dubai IIR Maintenance Management Conference. He delivers many PAM training courses, workshops and seminars around the world, and frequently contributes articles to magazines, journals and websites.



C-MORE

The Centre for Maintenance Optimization and Reliability Engineering

C-MORE's research is driven by close interactions with industry, in particular with MORE consortium members and with researchers at universities world-wide. Our focus is on real-world research in engineering asset management in the areas of condition-based maintenance, spares management, protective devices, maintenance and repair contracts, and failure-finding intervals. These strong industry connections not only benefit the companies we work with, but also our graduate students, who find work in maintenance divisions of industry leaders after graduation.



Demonstrate the real value of Maintenance

Understand financial KPIs and how they affect PAM

Build a more effective PAM budget

Apply Life Cycle Costing to Maintenance

Translate Reliability into Profitability

Prepare winning PAM Proposals

Use Business tools to improve Maintenance

Receive a certificate of attendance from the University of Toronto

Day 1

Session 1: Impact of Reliability on Profitability

- Looking at Reliability through Executive eyes – defining it, measuring it
- Exploring Financial KPIs and their use in PAM
- How companies build unreliability into their business – and at what cost
- Using Financial KPIs to measure the cost of downtime, failures, breakdowns and slowdowns
- Risk and the PAM Manager
- Understanding and measuring risk
- Forecasting future risk
- Creating the best response to risk
- Using risk management to decide the “shutdown or continue to run” argument

Session 2: PAM Projects large and small

- Using Project Proposals to gain the resources needed to do the job
- Preparing PAM proposals – core components of a smart proposal
- Identifying and valuing the costs and benefits of projects
- Financial KPIs for Projects
- How to deal with time horizons, inflation, depreciation, cost of capital and more
- Presenting your proposal
- Back-up data and supporting documentation

Day 2

Session 3: PAM Financial Reporting

- PAM as a Value-centre – not a cost centre, not a profit centre
- Basic reports for managing PAM costs – defining them and where to get them
- Using cost reports to manage the PAM business
- Turning cost reports into Budgets for PAM that make sense
- Measuring and reporting PAM value and contribution to the bottom line

Session 4: Life Cycle Costing

- What is Life Cycle Costing and why do we need it?
- The value of LCC in decision-making
- Costs to include, costs to exclude – and where this data is coming from
- Planning and implementing LCC – what is the process
- Problems along the way – understanding them and avoiding them
- Lessons to be learned from LCC
- Benefits and costs of LCC – should we proceed?

Key course features:

- Demonstrate the real value of Maintenance
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Registration Form

Complete this form and mail/fax to C-MORE
or visit: www.mie.utoronto.ca/cmored for online registration

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Course Title: Reliability = Profitability – Finance for the PAM Manager

Course Code: RPF203W • Course Dates: February 16-17, 2009 • Fee: \$1190
Register before December 16 and receive a 20% discount!

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Full payment is due upon registration. All funds are in Canadian dollars.

Participants will receive
a certificate of attendance
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