Inverse-Square Rule for Deferred Maintenance Worksheet

According to David Tod Geaslin, principal, Houston-based The Geaslin Group, "There are times when unexpected events create significant disruptions to an organization's operations. This worksheet helps to quantify the true cost, root cause, and risk/reward ratio for deferring maintenance. Knowing these values can change how operations and maintenance are budgeted and managed."

Event Expense	Amount	Total	
Repair Order Labor	$		
Repair Order Parts	$		
Total Direct Maintenance Cost (Total RO $)		$	A
Indirect Cost for the Maintenance Event			
Idled Workers	$		
Ruined Materials	$		
Known Lost Sales	$		
Other	$		
	$		
	$		
	$		
Total Indirect Cost		$	B
Intangible Cost for the Maintenance Event			
Estimated Lost Sales	$		
Lost Opportunity	$		
Customer/Client/Voter Dissatisfaction	$		
Other	$		
	$		
	$		
	$		
Total Intangible Cost		$	C
Total Maintenance Event (A+B+C)		$	D
Square Root of Total Event Cost (SQRT of D)		$	E
Is this the cost of the primary failure part or deferred inspection that could have avoided this whole expense if action had been taken when first discovered? If so, this verifies the "Inverse-Square Rule for Deferred Maintenance."			
"Early Intervention" Repair Order Cost		$	F
Here, enter what it would have cost you to repair the problem at the earliest moment you could have intervened.			
Risk/Reward Ratio for Deferred Maintenance (D/F)			:1
This is the ratio between early detection/intervention and operating until failure. This is the risk you take when any maintenance event is deferred.			

Note: Attach all supporting cost documents to this worksheet and file it with next year's budget-preparation materials to assure adequate funding in the next budget cycle.