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CAPITAL UPGRADE JUSTIFICATION CHECKLIST

1 Current System Performance

- ☐ Is throughput meeting production targets?
 - ☐ Are delays occurring weekly?
 - ☐ Is downtime trending upward?
 - ☐ Is equipment nearing end-of-life?
 - ☐ Are repair costs increasing year-over-year?
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2 Financial Impact Review

- ☐ Annual downtime cost calculated?
 - ☐ Annual labor cost tied to manual repositioning calculated?
 - ☐ Injury-related cost reviewed in last 12 months?
 - ☐ Overtime tied to inefficiencies measured?
 - ☐ Scrap or rework linked to handling issues tracked?
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3 Capacity Constraints

- ☐ Is current system limiting output expansion?
- ☐ Can production increase 10–20% without upgrade?

- ☐ Are new contracts stressing current layout?
 - ☐ Are peak demand periods causing congestion?
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4 Risk Exposure

- ☐ Single-point failure areas identified?
 - ☐ Is there redundancy in material flow?
 - ☐ Are critical components single-sourced?
 - ☐ Are temporary workarounds common?
 - ☐ Is safety risk increasing with volume?
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5 Labor Dependency

- ☐ Are operators used for repositioning instead of value-added work?
 - ☐ Are two employees required where one should suffice?
 - ☐ Is forklift reliance excessive for short-distance moves?
 - ☐ Are supervisors frequently intervening in flow issues?
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6 Upgrade Impact Evaluation

- ☐ Would improved transfer systems reduce manual rotation?
 - ☐ Would optimized spacing increase flow rate?
 - ☐ Would layout changes reduce forklift dependency?
 - ☐ Would automation reduce labor exposure?
 - ☐ Would modular systems increase flexibility?
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7 ROI & Payback Considerations

- ☐ Estimated annual savings from upgrade: \$_____
 - ☐ Estimated implementation cost: \$_____
 - ☐ Payback period (months): _____
 - ☐ Downtime reduction percentage expected: _____
 - ☐ Injury risk reduction expected: _____
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8 Executive Summary Questions

- ☐ What is the cost of doing nothing?
- ☐ Is the current system holding back growth?
- ☐ Is maintenance reactive instead of preventative?
- ☐ Would a 12–18 month payback justify approval?