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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?

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?

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?

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?

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?

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?

7 ROI & Payback Considerations

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

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?