



The Cost of Production Downtime for Manufacturers

The difference between profitable production and bleeding expenses is often downtime. Delays or lost production mean delayed shipments, reduced production capacity, unused labor resources, and lower OEE.

No matter the cause of downtime, it is expensive for manufacturing. That expense is mainly dependent on the manufacturer and the value of the product. However, identifying or forecasting the cost of unexpected downtime can help manufacturers determine whether preventative maintenance or early equipment repair will provide a return.

Consider the following as you plan maintenance or review repair options for your equipment.

- A survey of more than 100 manufacturers by Vanson Bourne¹ found that 82% had at least one unplanned downtime in the past three years. Many had significantly more frequent downtime.
- According to the same study, 48% of companies report that there is significant room for improvement when it comes to proactively addressing problems to avoid downtime.
- A survey² of automotive manufacturers by Advanced Technology Services, Inc., found the average cost of downtime to be \$22,000 per minute.
- Using the data from that survey, five hours of downtime would cost the manufacturer \$6,600,000.
- The International Society of Automation (ISA) reports that every factory loses at least 5% of its production capacity due to downtime³.
- The same report, citing downtime experts, estimates that manufacturers underestimate downtime as much as 300%.
- According to a study by Aberdeen Research, a market and analytics research company, depending on the circumstances for the downtime, the cost for manufacturers⁴ can be as much as \$260,000 an hour.
- The same study found manufacturers struggling with additional downtime costs. That includes 46 percent of the respondents being unable to respond to customer needs, which can impact the company brand and result in lost customers.

In manufacturing, downtime will happen. However, the investment in preventative maintenance and outside service providers will reduce the overall cost of downtime, quickly delivering a return on the investment and providing other benefits, including increased efficiency and support for existing labor resources.

Contact OTC Industrial Technologies today to discuss your needs and build a maintenance and repair strategy to reduce downtime for your production team.

¹<https://www.businesswire.com/news/home/20171106006370/en/Human-Error-is-More-Common-Cause-of-Unplanned-Downtime-in-Manufacturing-Than-Any-Other-Sector-According-to-New-Research>

²<https://news.thomasnet.com/companystory/downtime-costs-auto-industry-22k-minute-survey-481017>

³<https://blog.isa.org/downtime-factory-plant-industrial-costs-risks>

⁴<https://www.iiot-world.com/predictive-analytics/predictive-maintenance/the-actual-cost-of-downtime-in-the-manufacturing-industry/>