



Guide

Step-By-Step Guide To Capital Planning

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When the new fiscal year is approaching and you must to determine the budget your department needs to run efficiently, maximize patient safety, and maintain operations successfully, it's important to have a solid capital planning process in place. To create a foolproof process requires the right asset data, an understanding of resources and labor hours, and a tool to help you analyze the information at hand.

If you're adopting a new capital planning process or starting from scratch, it can be difficult to know where to begin. This step-by-step guide offers best practices to set yourself up for success during budgeting and allocation time. From ensuring your asset inventory is accurate to determining whether your CMMS provides the necessary data points for decision-making, these are the first steps to begin your department's capital plan.

If you don't have time to undertake a hospital-wide data collection at this time, you might consider incremental checks into assets you believe might be missing or any duplications you're already aware of. Any small step to rectify errors can be helpful. Then as you budget for the upcoming year, consider prioritizing a full data collection to set yourself up for success in the next year.



1 Evaluate whether your asset inventory is accurate and complete.

A key part of building a capital plan is determining how to spend money repairing, replacing, and acquiring assets. Without a full picture of the current state of your assets, the process will become more challenging than it needs to be. If you believe there are inaccuracies, duplications, or missing assets in your inventory as it currently stands, it may be beneficial in the long run to perform a data collection to correct these errors.

2 Ensure your CMMS provides the right data points for asset analysis.

Once you feel confident all your assets are accounted for, you must evaluate whether your CMMS is tracking the right data points. These data points offer a holistic view of the life cycle of an asset, whether it has been costly to maintain, how its condition might change in years to come, and whether it would save you money in the long run to replace sooner than its end-of-life date.

A. Date of installation

Check that assets have a date of installation so you know you're getting the most accurate view of the asset's history. If you can't locate a record of the installation in your hospital, then try to find the purchase history and use this date.

B. Life expectancy

If life expectancy of the asset is not already in the record, it's easy to find this using references online using the asset's make and model.

C. Replacement cost

When an asset record indicates that piece of equipment is nearing the time for replacement, you should know how much it would cost to replace as you build out your budget. Perform research online and take note of the current rate for that asset so you can compare all replacement costs for the assets you're choosing to budget for replacement.

D. Condition assessment

A basic condition assessment should be included as part of preventive maintenance (PM) procedures to ensure you have this information by the time you build your capital plan. If your technicians haven't been performing a condition assessment, there are third-party vendors you can hire to assess the conditions of your assets so you are able to make the most informed decisions for repair and replacement.

As you consider these data points, if you realize your current CMMS does not include these fields in asset records at all, then that might indicate it's time to consider a new healthcare CMMS. If you find that you simply need to update these fields in your asset records, it's worth doing so before starting capital planning so you know you have each and every data point you need to make the best decisions.



3 Calculate labor cost.

In addition to selecting assets to repair and replace with your capital allocation, it's important to have a good grasp on how much you'll need to budget for labor, including full time staff, third-party vendors, and service contractors.

To calculate the cost of staff labor, average the hourly rate for all employees and add the average cost of benefits, which your HR department should be able to provide. Make sure to include department overhead costs, including support staff and miscellaneous costs based on your department's operations.

For the labor of third-party vendors and contractors, look to the documentation of time and materials to create an estimate of what their services will cost in the upcoming year.

4 Start analyzing your assets and building your budget.

Once you have determined whether your inventory is accurate and completed, that your CMMS accounts for the most important data points for asset analysis, and the cost of labor, it's time to start building your capital plan.

This doesn't have to be as difficult as it seems, especially if you're using a tool like CMS Capital Planning, which centralizes all the most important data points, provides analytics for an asset's condition and repair history, and allows you to add assets to your budget all from the same tab. With data at your fingertips, you have full freedom to prioritize the assets that are most important to repair or replace while advancing the agenda of your department.

Now that you have the first few steps to start building your department's capital plan, ask yourself, do you have the right tools to build your plan efficiently? If you are looking for a data collection or a tool like CMS Capital Planning to streamline the process, get in touch with our team today.

To learn more about FSI's healthcare CMMS suite, visit www.fsiservices.com.

