

WHAT'S IT WORTH? LOOKING AT THE LIFE CYCLE COSTS OF YOUR APPLIANCES

Unless you are a multi-millionaire or a lifelong pedestrian, you've noticed that gas prices are up at the pumps - Ouch! You've been paying for gas ever since the first day you drove that car off the lot, but this latest bump in fuel costs has probably refocused your attention to an important economic reality: the purchase price of your car was only a piece of what your car really costs you. Every time you get an oil change, new tires, a brake job, or a water pump, your cost of ownership goes up. It might take ten years before these routine fuel and maintenance costs equal the purchase price of the car, and yet, most people pay close attention to these expenses and are willing to chuck a vehicle that costs too much to operate. Wondering how all this car talk relates to food service equipment? Are you sitting down?

A BIG DIFFERENCE

Here's the big difference between your car and your kitchen: for many appliances, one year's worth of fuel (electricity or natural gas) will cost as much as the appliance itself! Throw in a few service calls and any water and sewer charges, and you end up with a lifetime "cost-to-operate" that could be anywhere from one to 10 times the initial purchase price. Add these operating expenses to the purchase price and you begin to get an idea of the total cost of ownership or the "life cycle cost" of the appliance. Other expenses that you might take into account include frying oil, chemicals, any positive or negative affect the appliance will have on labor or food costs and finally disposal of the appliance when its time is through. A true life-cycle-cost model includes every cost associated with an appliance from "cradle to grave." Is it practical or even possible for normal, sane, people to do a total life cycle cost analysis? No! But, it is possible to gather some of this information and something is better than nothing – especially when it comes time to make decisions. You'll never be able to determine exactly what an appliance will cost you, but you can get an idea of one appliance's cost relative to another and that's when you start **making informed decisions and saving money!**

WHERE TO BEGIN

You already know the purchase price of the appliance, so that part is easy. If you have any experience with appliances, then you can probably make an educated guess at a lifespan. Be general, for instance the cheapest fryer might last you three to 5 years while a more substantial model will last 5 to 7 years. Remember, life cycle costing is a mixture of art, science, and plain old good judgment. Now it's time to ask "what is this appliance going to cost me every year in electricity and gas?" It's a lot easier to get this answer for your automobile than your fryer, but don't worry, there are some resources out there that can help.

ENERGY INFO AND COST CALCULATORS

There are three places that you can look to find out how much energy your appliance might use. If you are researching one of the Energy Star appliances - fryers, hot food holding cabinets, steamers, or reach-in refrigerators – then you can get energy and efficiency data at the Energy Star website: www.Energystar.gov. You will also find a simple life-cycle-cost calculator at this website that can help you determine the value of

purchasing Energy Star Appliances. If you are looking to buy an ice machine, then you need to visit the Federal Energy Management Program (FEMP) website at www.eere.energy.gov/femp/ where you can find a cost calculator for ice machines as well as a link to the ARI database which has energy and water data for every ice machine out there.

The second place you can look for appliance energy info is on the Food Service Technology Center's website at www.Fishnick.com. The FSTC has an extensive library of published reports on appliance energy use and they are free! If you don't see what you need, then go to the contacts page and drop an email to one of the FSTC engineers. The FSTC website also includes several on-line life-cycle-cost calculators and more are being added all the time.

The third place to look for information is with the manufacturers themselves. Many manufacturers now have detailed test data on their appliances and some even have test reports posted on their websites. One final tip: don't use the nameplate BTU or kW rating of an appliance to estimate energy use - that's a sure fire way to overestimate your operating cost.

MAINTENANCE COSTS

The next big expense that you want to add to your cost model is maintenance. This is sometimes a hard number to generate but you can usually make a good estimate based on your experience and/or good record keeping. Make it a point to get as much useful information as possible from your service company. Document the annual cost to repair and maintain all of your appliances, drop it all into a spreadsheet and look for trends. After a couple of years you will have a database of maintenance costs and you can generate an "average annual maintenance cost" for each of your appliances. You will be able to quickly spot the high-maintenance items and, just like with you car, make an informed decision on whether to repair or replace.

IS THIS REALLY WORTH IT?

Perhaps this sounds like a lot of homework and for some small operators this kind of rigor is unnecessary but for most, gathering this useful information is not that difficult and it's getting easier. In an industry where food and labor costs are tracked with exhaustive detail it only makes sense that fuel and maintenance be added to the list – especially since these items can cost so much more than the appliance itself! Don't be intimidated, take it a step at a time, and remember that any reasonable life cycle cost analysis makes you smarter than the competition!

These energy saving tips are offered by the Food Service Technology Center (FSTC), an unbiased food service resource center located in San Ramon, CA and funded by California utility ratepayers under the auspices of the California Public Utilities Commission. For more information on the FSTC and for our schedule of free energy efficiency seminars, please visit our website at www.Fishnick.com. The FSTC is a member of the California Restaurant Association.