



2010 INDIVIDUAL BEST PRACTICE HVAC REPLACEMENT PROGRAM

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Nike's fleet of aging HVAC equipment was experiencing a lot of catastrophic failures during the summer months, as is typical when older units are near their end of life and are heavily stressed due to the extreme heat. We would replace them as they would fail. The down time and long lead times were noticeable, and sales were lost when consumers would leave due to the uncomfortable shopping environment. Replacing units only as they would fail also made forecasting and budgeting difficult. Business leaders wanted to know what the facilities plan was to reduce or eliminate these situations.

Best Practice:

We implemented a proactive rather than reactive replacement model. To do so, we simply explained that all mechanical equipment has a life span, and regardless of how well maintained something may be, it will breakdown and eventually fail. Replacement is inevitable. We proposed replacing them near their end of life, so that we could do so on our time line; and scheduling the replacements for the off season time frame allowed us to forecast when those costs would hit. We reviewed and confirmed our equipment list, sorted by age, and cross referenced with our work order tool to identify the troubled locations. Starting with the oldest and most troubled equipment, we began replacing the units. We then built a schedule which identifies which units will be proactively replaced over the next seven years, based on age, targeting units 12 years or older.

Results:

By replacing the units proactively, we reduced the number of unit failures drastically during the summer months, which addressed the lost sales scenario due to an uncomfortable shopping environment. Replacing units proactively also allowed us to build a more accurate capital budget and correctly forecast spending month to month.

By replacing the units during the off season, we avoided the following:

- Long equipment lead times (as much as a month could be added when ordering during the peak season, if your order is simply added to the queue).
- Limited equipment choices (many times you may have to take what is available, which may be a larger unit, or a higher or lower efficiency than desired, and may be missing factory install options that need to be field installed later).
- Increased costs (during this period you may see a 10%-20% increase over a typical project, this can come from overtime charges, expedited shipping, and expedited planning or permitting charges).
- Less flexibility or room for error (should something be damaged in shipment, or an incorrect item is shipped (curb adapter, etc.) the delays continue as you are back in line with the manufacturer).