

Equipment replacement schedule

The five-year plan recognises the need to update, upgrade and replace equipment on a regular basis. Sometimes this will mean replacing equipment that will still be performing without fault, a concept that may at first appear to be an inefficient use of resources. This principle, however, is based on the following points:

- One of FitWorks' principal aims is to 'be recognised as a market leader through the provision of a superior, up-market atmosphere for all customers'.
- The business plan includes a timed expansion of services and facilities, and equipment purchased at a prior stage may not provide the level of service needed at a later stage.
- In some cases, advances in technology and customer expectations will mean that an item of equipment, even if only a few years old, may no longer deliver the level of service required.

FitWorks Café

This year, the following equipment in the café is scheduled to be replaced:

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| Internal customer tables and chairs. | <p>Current equipment:</p> <ul style="list-style-type: none"> • three plastic tables • 12 plastic chairs (of matching design, but in contrasting colours to the tables). <p>Used in the wet area of the facility.</p> <p>Original purchase price: \$1,800.</p> |
| External customer tables and chairs. | <p>Current equipment:</p> <ul style="list-style-type: none"> • five metal-framed tables with timber tops • 16 metal-framed chairs with timber seats and backrests (of a design and construction to match the tables). <p>Used in the outdoor sundeck area.</p> <p>Original purchase price: \$4,600.</p> |
| Microwave ovens | <p>Current equipment:</p> <ul style="list-style-type: none"> • two 15-litre, 650 watt domestic microwave ovens. |

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| | <p>Used to cook some pre-prepared snacks and to reheat some snack meals.</p> <p>Original purchase price: \$699 each.</p> |
| Dishwasher | <p>Current equipment:</p> <ul style="list-style-type: none"> • single, basic, domestic 12-place dishwasher. <p>Used to wash customer coffee cups and saucers, some crockery and cutlery, and display and serving dishes.</p> <p>Original purchase price: \$999.</p> |

When investigating the replacement of this equipment, the following points should be considered:

- Is the current equipment fulfilling the requirements of the facility?
- If not, where is it falling short? Quantity? Size? Power?
- Is it still the desire of the management to replace this equipment or can the facility continue with the current equipment?
- Given the business plan's principle of always seeking to improve and upgrade, what additional levels of service ought to be achieved when replacing this equipment?
- Are there more technologically advanced items of equipment that will allow the facility to improve its efficiency or level of service, and should these be purchased?
- What would be the most beneficial method of disposal for obsolete equipment?

Budget allocation for replacement of equipment

The budget for the current year includes an allocation of \$6,000 for the replacement of the equipment listed. This allocation is provided for:

- the replacement of whichever items it is determined should be replaced
- the additional cost of higher-specification equipment
- the additional cost of greater quantities of any of the equipment.

Any portion of the budget allocation that is not spent on the replacement of these items will not be carried over into the following year. Any revenue received from the disposal of equipment can be added to this budget allocation to increase the total amount available for replacement equipment.