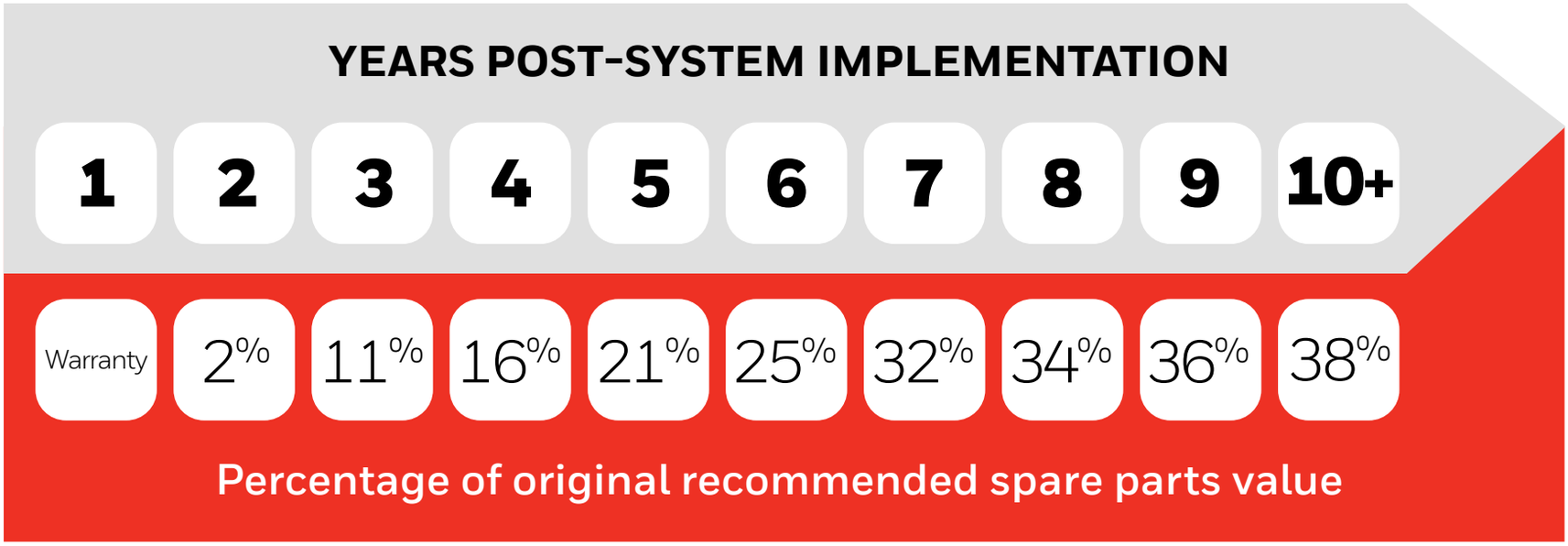
HOW TO BUDGET FOR SPARE PARTS COSTS

Honeywell Intelligrated®

Here's a simple yet field-proven method for estimating how much to budget for spare parts inventory for **material handling equipment (MHE).**

The manufacturer will recommend a list of critical MHE spare parts to keep in your maintenance inventory. For a typical $10 million distribution and fulfillment (D&F) system, the initial spare parts list could cost **$200,000.** Use the chart below to estimate future spare parts costs:

- In the second year after system implementation, budget about **2%** of the initial inventory cost. In our example, that's **$4,000** for spare parts.
- As your MHE ages, anticipate that maintenance costs will grow.
- By the sixth year after system implementation, budget about **25%** of the initial spare parts inventory cost. In our example, that's **$50,000.**



Note: this method accounts only for routine spare parts costs. Be sure to also budget an amount for contingencies to cover repairs for unexpected equipment damage or accidents.