

Fixed Asset Management

Fixed asset management is an accounting process that seeks to track fixed assets for the purposes of financial accounting, preventive maintenance, and theft deterrence. This applies to all industries because doing so makes the workplace more productive.

Without fixed asset management, the equipment and resources of the company are not used both effectively and efficiently. Think of it like a car. If you do not have the oil changed, it will break down. The net effect is being able to save money instead of spending it on repairs which could have been avoided in the first place.

This is why companies take various steps to manage these closely. For instance, machines that are used undergo regular maintenance. If anything needs to be replaced or replenished, this is ordered well in advance so there will not be any disruptions at the workplace.

If the machines are already obsolete and there are newer models that can do a better job, management must consider the costs of buying it or maintaining the old one. In recent times, new equipment is purchased to avoid being left behind the competitors.

Management also has to coordinate with the various departments in the company to see how each one is doing. This is done on a monthly basis to determine whether the company is achieving growth. If it is not, find out why and then do something about it.

For large companies that need to ship goods nationwide, management has to check on their logistical support. Will it be cheaper to maintain their own set of trucks or should they outsource this to someone else?

If the company is experiencing some hard times because of a few companies that are not pulling their weight, management has to decide whether to sell it or find a way to improve it. Should there be an opportunity to gain something, then they also have to consider if this will be beneficial to their portfolio.

Companies also let their auditing teams conduct an inventory to take into account their fixed assets. Sometimes, they may need outside help to do it and there are a number of established companies that have the manpower to do exactly that. They can even suggest to management improvements that need to be done that may well be worth the expense of hiring seasoned professionals.

In order for management to see how well the company is doing, the asset

management data has to be put on paper. These days, this means computerizing everything so everyone in management will be able to give their input and agree to a suitable plan.

Fixed asset management is what every company needs to survive in the 21st century. This will serve as a guide whenever money has to be used to buy things or whether the funds of a certain project have to be diverted elsewhere.

Before any decision is made, they have to ask themselves a series of questions. For instance, will this be good for the business long term? How much can we make? How much do we stand to lose? Is this the latest technology around? Is this the best thing in the market today?

These are just some of the questions that companies have to ask themselves in order to practice effective fixed asset management.