



5 ways to improve **your site.**

**Simple steps towards more effective
stock and storeroom management.**

know-how makes the difference

ERIKS

Storing up trouble



What happens in stores doesn't stay in stores. Sooner or later, the lack of investment in your stores will have a major effect on the efficiency, productivity and – ultimately – profitability, of your wider business. And meanwhile, small, daily inefficiencies are continually reducing productivity and preventing your business from realising its full potential.



Whether you have one store on one site, or several across multiple sites, you need effective processes and procedures – and appropriate storage facilities – to ensure your stores aren't costing you money. From their layout and housekeeping, to stock identification and relocation, collection points, quarantine arrangements, returns handling, barcoding and a stores dashboard on your PCs, there are numerous ways to organise and manage them more efficiently.

In fact, given time and expert guidance, you could even turn your stores from a cost centre to a profit centre.

But you don't have to undertake a major overhaul of your stores to begin to realise the benefits of efficient store management. You can start with the five simple steps outlined in this guide, with each one releasing more efficiencies, more savings, and more productivity.

6 Deadly sins of the storeroom



1 Unauthorised stockholdings

Engineers – tired of poor service and unavailable stock – squirrel away their own hoard of parts and tools, making a nonsense of stock control and budgets.

2 High mean-time-to-find

When parts are hard to track down, engineers waste time they could be using to get equipment back up and running.

3 Stock duplication

Multiple locations requiring servicing should not mean holding stock at each location.

4 Hand-on-tool-time

Poor store management can quickly lead to decreased hand-on-tool-time, which is a critical KPI for most maintenance and service organisations.

5 Unnecessary inventory

Keeping inventory on your books when it could be on the vendor's is a waste of your money. The average business could consign 20% of its storeroom stock as Vendor-Managed Inventory.

6 Buying-in waste

Choosing energy-inefficient products is effectively buying-in waste. Prioritise selections on the Total Cost of Ownership and you can reduce wasted energy, reduce operating costs, your carbon footprint, and cut your bills.

Step one:

Identify your critical items

If stores are badly organised, critical items can get lost or hidden away amongst less important or slower-moving parts. This may be because there are no proper processes in place for receipt of goods, or because no-one has ever taken the time to identify which items are critical and which are not.



As a result, when an equipment breakdown occurs, or essential maintenance is required, downtime can be increased unnecessarily, because the critical part can't be found quickly enough.

Rectifying the problem is a three-stage process. Firstly, critical items have to be identified. Secondly, they have to be clearly labelled and stored readily to hand. And thirdly, there has to be a receipt of goods process in operation so that new critical items are identified on delivery and immediately placed in the correct area of the stores.

Having all critical items clearly identified and stored together will also make it easier to establish when stocks need replenishing, and will avoid the risk of ever being out of stock.

Step two:

Cleanse your data

An engineer names a 'pneumatic cylinder' for one of the machines he works on, a Machine One Thruster.

When he leaves or retires, a new engineer takes over, and next time the machine needs a replacement, failing to find anything in stores called a pneumatic cylinder, he orders a new one. This comes from a different manufacturer, and the new engineer decides to call it a 'Pneumatic Ram, 200mm'. Then when the production line is expanded and an identical new machine is built, the OEM spares list includes the same cylinder, but this time identified by its part number as DNC 100-200.

There is now three times the quantity stocked and in three different locations. Each one impossible to find by anyone except the engineer who originally named it. And at least two of the three parts left unused, and potentially becoming unsuitable for use through increasing age.



The simple solution is to establish a standard and consistent naming policy for every part in the stores. What that standard may be is not important, but the consistency is. However, the more information a name contains, the easier the part will be to identify. So the pneumatic cylinder in the example above would most usefully be identified as: Cylinder, pneumatic, 100mm bore, 200mm stroke.

Once all parts have been consistently named, a review of parts held in stock can be conducted, similar parts can be identified, and decisions made about which brand is the most suitable purchase, or the most cost-effective, for future reference.

Step three:

Consolidate your vendors

On average, 65% of a business's purchasing resource is dedicated to controlling 10% of its purchases, which is what MRO spares generally represent.



And the higher the number of suppliers involved, the bigger the percentage of resources that can become tied up in managing the unwieldy and inefficient supply chain.

Those figures represent a well-managed, if unnecessarily complicated, supply chain. But the waste of resources, time and money increases considerably as the number of suppliers increases and makes it harder to keep control of purchases.

When more than one supplier is involved, it's easy to waste money ordering duplicate parts, because no-one has an overview. In addition, each order from a different supplier requires another purchase order – at an average cost currently estimated at £50 per P.O. And if any or all of the suppliers are less than totally efficient, then there's even more time wasted in chasing up late deliveries from several different sources. Not to mention the additional costs incurred because each supplier adds carriage costs to their invoice.



Then, even once the right parts finally arrive, the additional work still isn't over, because each supplier generates a separate invoice – increasing the paperwork, the costs, and the risk of error.

The solution is to simplify your supply chain by consolidating all your supplies with one vendor. The benefits?

- Only one purchase order to raise
- Only one invoice to pay
- Only one supplier to chase – or, if you choose an efficient, experienced supplier – no chasing to do at all
- No risk of parts duplication
- Only incurring carriage cost when absolutely necessary



And if you choose a supplier with the right skills and resources, you could build a relationship which goes much further, enabling you to develop even greater efficiencies which extend beyond the boundaries of your stores.

For example, if you are repeatedly ordering a particular bearing, having a single supplier means they will notice the repeat order and – if you have established a close working relationship – they will ask why that bearing needs replacing so frequently.

If the supplier also has application knowledge, they can then investigate and identify why the bearing repeatedly fails, and recommend an alternative. Or even advise on re-engineering to eliminate the root causes of bearing failure.

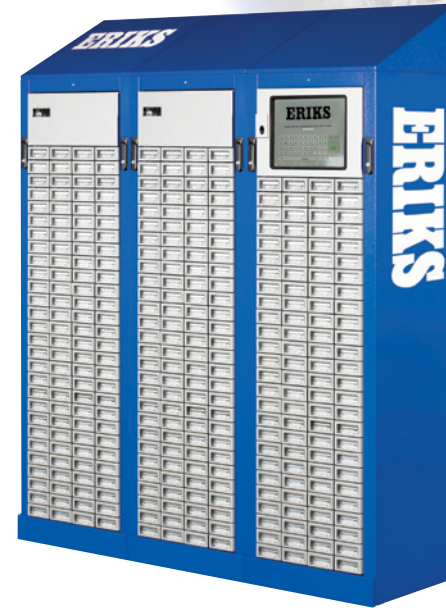
Last but not least, if you are dealing with only one supplier, you could have that supplier's representative actually located on-site, giving you instant access to expert advice and support at all times.



Step four:

Vend parts at your lineside

When stores are not optimised and it takes too long for engineers to get hold of the parts or tools they need, they start to take matters into their own hands.



Deciding they can't get the parts or the service they need from stores, and that walk-and-wait-times are too long, they begin to squirrel away items in their own unauthorised stockpile – perhaps at their workbenches or in their vehicles.

This may make life easier for them in the short-term, but inevitably it leads to over-ordering, stock duplication, overspending, and complete loss of control of stockholding.

The solution is to create an official, controlled version of the engineers' unofficial, uncontrolled method.

Simply by moving fast-moving items from central stores to lineside, creating stock availability at point-of-use, walk-and-wait-times are immediately slashed. Engineers are reassured that they will always be able to get their hands on the parts or tools they need. And – because the lineside items are ordered, purchased and placed in position by stores personnel – over-ordering, stock duplication and overspending are eliminated, and complete control of stockholding is quickly regained.

Step five:

Talk to your suppliers

No-one knows your supplies like your suppliers. And no-one knows more about effective stock and storeroom management than the people who deal with it all day, every day.



So talk to your suppliers about lineside vending, critical item identification, data cleansing, and even vendor consolidation.

An experienced supplier will not only have the knowledge and experience you're looking for, but also the confidence to be happy to talk about simplifying your supply chain and consolidating all your supplies purchasing with one vendor.

In addition, a supplier with engineering and technical know-how will be able to help you realise extra benefits, by finding more reliable, more innovative, more efficient and faster solutions to your maintenance problems. And they'll be benefits you'll see quantified, with signed-off cost savings.

But before you choose which vendor that should be, remember that a supplier with application knowledge, MRO expertise, and a process re-engineering capability can help you drive out inefficiencies and costs – and discover efficiencies, savings and productivity gains – throughout your business, not simply in your stores.

Your simplest step:

For more effective stock and storeroom management

Becoming a site better begins with choosing the right sole-supplier partner.

ERIKS On-Site Solutions has the know-how, experience, resources and technology you need. Make contacting us your first step towards managing your stock and storeroom more effectively.

To see how we have helped other businesses address this issue and achieve significant cost savings, visit:

knowhow.eriks.co.uk/onsite

for a selection of revealing case studies.

