

Don't get left on the shelf

BEING LEANER AND MORE COMPETITIVE ARE TWO IMPORTANT TRENDS FOR ENTERPRISES. BUT WHERE DO YOU THINK IS ONE OF THE BEST PLACES TO START?



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When you need a replacement item urgently, the storeroom is the first place you look. Surprisingly, when you need to maximise efficiency and increase profitability, it's also the place to go. Because if you think of it as just somewhere to keep stuff, you could be storing up trouble.

A poorly-managed storeroom can hinder production, limit efficiency and waste resources. Yet with better storeroom planning, organisation and inventory control, you can reduce inventory, take better control of purchasing costs, reduce transportation costs, and make better use of resources.

From boardroom to storeroom

Good management in the storeroom is as critical as in the boardroom – and just as essential to a business's success. Just ask anyone who's been to the stores for a crucial bit of kit, only to find it's out of stock, or that the only one left is unserviceable.

With good management, costly downtime can be avoided by ensuring fast-moving, plant-critical parts are readily available, in good working order, and stored where they should be.

But stocking up on every possible part is not the most efficient solution. All you'll have is money tied up on shelves full of expensive components, which might sit there for months and be unusable by the time they're actually needed. Instead, an efficient storeroom needs planning, organisation, and careful management and monitoring of stock to ensure the right parts are always available.

Good management also means knowing which parts to keep and which to order-in as required. After all, there's no point storing a critical item such as a large bore bearing if it takes a day to strip the old one out of

the machine. You could save yourself the expense and the space required to hold one in stock, by having it delivered in less time than it takes the engineers to prepare for installation.

Aim for less than perfect

"Ensuring 100% availability of the production environment means having a service level of 100% on all MRO items – and this is simply unfeasible and/or too costly." So says Dr. Amar Ramudhin, Director of Supply Chain Management & Technology at Georgia Tech's Supply Chain & Logistics Institute, Atlanta, USA.

"Inventory management for minimising the stock of any product is a function of its demand distribution, and of supplier reliability regarding the quantity delivered and delivery lead time. Except for fast-moving supplies or consumables, the demand distribution of MRO parts is unknown and – more importantly – the parts themselves might not be known until they fail."

Ramudhin identifies several situations that prevent storeroom management

optimisation. These include: ordering from too many suppliers, resulting in complex negotiations and procurement processes; hoarding of MRO items in toolboxes, resulting in poor usage data and systems performance; and management of the MRO storeroom by maintenance specialists rather than material or inventory specialists.

More than just stores

A closer relationship with a supply partner like *ERIKS* – with services ranging from Just-In-Time delivery to a vendor-managed inventory, to a complete takeover of the inventory management of MRO activities – can have a positive effect on more than just your stores.



It can help improve MRO procurement and stores activity by identifying unrequired items, and can lead to significant improvements in plant efficiency and economy. Careful monitoring of the stores by an experienced supplier can also help to identify potential problems on the factory floor, highlighted by a sudden increase in the use of a particular spare part, for example.

Apply this knowledge in conjunction with predictive maintenance procedures, and production line availability will inevitably increase.

'Swap' your supplier

'Swap' your supplier for a consultant – without changing the company – by capitalising on the close relationship you already have. Their deep understanding of your company's needs can bring real savings, through knowledge of the stock, the operation, and what can and can't be streamlined.

Also, with a close supplier relationship, your business doesn't need to waste time calling numerous suppliers to quote on each product. And part costs will drop because

the supplier will be buying in larger numbers than the company alone can.

As summarised by Dr Ramudhin: "Once implemented and fine-tuned, the results of [an optimised] system should be a significant reduction of MRO related costs, through reduced inventory levels, elimination of hoarding, better control on purchasing costs, a reduction in transportation costs, elimination of obsolete parts, better visibility on MRO item usage, and better use of the organisation's resources as they are diverted to more value-adding or mission critical activities."

Storeroom optimisation is an *ERIKS'* specialty, based on over 10 years of stores transformation and project management experience. With an expert solutions provider such as *ERIKS* acting as a consultant as well as a supplier, your engineering business can reduce stockholding and downtime, while improving efficiency and profitability. And while others reap the benefits of being leaner and more competitive, you won't be left on the shelf.

