



# Storeroom best practices: 3 big payoffs toward achieving manufacturing efficiency

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If you're like many manufacturing organizations, you diligently focus your time and energy on your core competency of product design, as well as development, reaching production goals, facility staffing, sales, distribution, etc. However, it is easy to let areas of seemingly secondary importance -- like storeroom/spare parts management -- slide by the wayside.

But is it wise to let your storeroom become an afterthought, and fall into the habit of considering it as merely a cost center for the business? As a matter of fact, there is much to be gained by shifting the paradigm of storeroom management as a "necessary evil" to leveraging storeroom excellence as a competitive advantage for the facility.

## **Poor storeroom consequences, the advantages of doing it right.**

What is the downside that results from a poorly managed and inefficient storeroom? There are several: parts inventory gets out of control, consumption of and spending on parts gets overblown, technical and maintenance teams become heavily burdened and underutilized. It all adds up to opportunity costs, and a burden on the profitability of the entire facility operation.

There are, however, just as many advantages to implementing an efficiency refresh on your storeroom operations, and beginning the process of viewing it more strategically as an area of your operation that can be optimized. In this

whitepaper, we will explore three of the most dramatic advantages that result from putting some effort into storeroom efficiency.

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## **1. Inventory levels are optimized.**

Focusing on inventory optimization within your facility is a key element in supply-chain transformation. The results are greater efficiencies in how you manage materials within your plant. Optimizing inventory levels can generate savings fairly quickly, due to inventory disposition and write-offs. This action will immediately free up much-needed space for storage, save man-hours from managing fewer parts, and the list goes on. Be sure to utilize a parts management system that allows multiple plants within an enterprise to view inventory on hand at all locations. This will allow parts sharing strategies and will expedite the inventory optimization process. It all adds up to a more efficient, leaner storeroom and inventory handling operation, and that's good news for the bottom line.

## 2. Parts consumption and spending is reduced.

A structured and efficient storeroom strategy will focus on reducing parts spend in a variety of ways. From implementing a repairable parts management program to fully leveraging national or strategic buying relationships, a core deliverable from a storeroom refresh strategy will be reduced spending and consumption. Other areas of value can be found by managing and claiming component warranties when appropriate. Lastly, when repairing components, RCAs should be provided by the repair vendor. This information is extremely valuable in reducing future failures/replacement costs and ultimately improving equipment performance in the plant operation.



## 3. Maintenance/technical team utilization is improved.

The third and likely largest impact comes from improved maintenance team labor efficiency. Though this is difficult to measure, driving maintenance efficiencies through improved storeroom practices can have a significant impact on facility performance. Putting controls in place for access to and activity within the storeroom by employees -- rather than letting just anyone come and go at any time, undocumented -- can have a big impact. Although it's hard to break old habits, by changing current mindsets and redefining the roles and responsibilities of the storeroom versus maintenance is required to drive this improvement. Without spending time in the storeroom, techs and maintenance personnel spend more time on the floor performing corrective or predictive maintenance activities -- the things they do best. This can lead to a better performing equipment -- and that's huge for overall plant productivity. What's more, measuring the consumption of parts and documenting who is doing that consumption (and why) can shed valuable light on significant challenges within the facility and pinpoint how to deal with them. Attracting skilled maintenance resources is difficult, so maximizing their efficiency should be a priority.

## Getting started.

How does one begin to reap the benefits of a more efficient storeroom operation? Generally, it's wise to first do a thorough assessment of your current situation: its maturity, its specific needs, and where you think you might realize the largest payoff from improvements.

When it comes to inventory, take the steps to go over your current stocking strategies, review how obsolescence is determined, and evaluate your approach to repair vs. buying new. In the area of parts consumption, start to look for ways to control spending, review your current repair strategy vs. buying new, review strategic repair supplier agreements to leverage those partnerships, and generally seek out ways to control how inventory is managed. These can be anything from putting security measures in place like a secured storeroom environment, to having a strict checkout policy, to using technology tools that can help you generate data and understanding about parts consumption.

Finally, to realize the advantages of labor optimization, take steps to not only secure, but staff your storeroom correctly. Go beyond assigning a clerk-level individual to assigning an employee with a more technical skill set to manage repair strategies, research parts, even instill a kitting and delivery-to-schedule process.

## Key: the right partner.

Competing priorities and short-term focus often gets in the way of driving these or similar facility improvement initiatives. Internally run initiatives often deteriorate back to old habits, and improvements that were made quickly fade. If you truly want to reap the significant benefits from this shift, it's wise to find a qualified partner that can offer the tools, systems, expertise and talent it requires to do the job right. They can help you accurately evaluate your current situation (you may be surprised to learn you are quite proficient in certain areas) and pinpoint the real challenges. They can also help you apply available resources accordingly and appropriately in order to reach your defined goals. Remember -- this is an investment in your facility's future. A trusted partner can bring valued focus to your storeroom transformation and truly reduce the timeline it takes to see real, dramatic change.