



## You've digitized your supply chain. Now what?

Congratulations! You've taken an important step: addressing your maintenance parts inventory and beginning to digitize it. Even if you've simply made an attempt to understand what critical parts exist at your facility and noted their physical location, you've come a long way.

Ideally, the complete digitization of your supply chain involves locating all parts, centralizing them into a physical storeroom, and loading complete data about the parts (including manufacturers, part numbers, quantities, etc.) into a database. But once all that's done, how can you make the most of this organizational marvel to allow it to have true impact on your facility's bottom line?

Here are three ways:

### **Maximize inventory.**

With all of the vital information about existing parts identified, you can then act on this information to maximize your inventory efficiencies. You can develop a greater understanding about how materials move in and out of your facility and ask yourself, for each part: How often do I actually use it? Every week? Every month? Every 6 months? Once per year?

Understanding that helps you more efficiently plan for which parts you actually need to stock, and which parts you can accept a certain amount of lead time to procure. In this way, you can lower your overall inventory, which in turn lowers your parts management and carrying costs, driving a significant amount of value to the facility's bottom line.

These insights can also uncover any slow-moving or obsolete parts that might not be associated with current equipment in the facility. Then you can remove them, leaving valuable storage space for more vital, often-used items.

### **Maximize purchasing power.**

The more detailed the information is about the parts you need – whether they are used weekly, monthly or yearly – the more you can maximize your ability to purchase those parts swiftly, smartly and at the lowest cost.

**Repairing, recalibrating or re-certifying a part often costs 50% of what it would take to buy a new one.**

For example, you may feel it's sufficient to have a simple description of a motor that you use within your database. But, flushing out that description as much as possible – with specifics about voltage, horsepower, frame, connection shaft diameter, etc. – can influence your purchasing power remarkably. How?

When you have more complete specific details about all of your parts, you can then begin to categorize those parts into types of commodities, if you will, with labels such as “motors,” “lubrication,” “safety,” etc. Understanding these categories better will in turn help you understand how to better leverage your parts spend, by negotiating better pricing and terms with your suppliers. You can also work proactively with suppliers to standardize the types of parts you buy, leading to volume discounts, reduced shipping costs, and delivery timing that best suits the needs of your facility.

This all adds up to maximized purchasing efficiencies that translate directly to decreased costs.

### **Re-invigorate the repair process.**

Just as digitizing your inventory can help you more efficiently work with parts suppliers, it can also help you better manage your repair process and maximize your interactions with outside repair shops. This is a tremendous way to use the analysis of supply chain data to cut costs, since repairing, recalibrating or re-certifying a part often costs 50% of what it would take to buy a new one.

Again, it's about looking at repair histories and analyzing the information to make the most of it. Ask questions that reveal the true reliability of the repair shops you use: How quickly did they get the part back to you? What did it cost to do the repair? Most importantly, how long did the repaired part last? Reports that answer these questions will reveal which repair shops are truly providing high-quality service that translates into plant reliability for you.

In the end, it's all about putting the data you've compiled to work for you. Through careful trend analysis and insight, you can reveal new and surprising ways to approach your inventory, purchasing, repair and more – all with a positive effect on your company's bottom line.

