



**Is your storeroom a
profit centre?**

ERIKS



Through careful planning, organisation, workflow management, inventory control and staff training, the storeroom can enjoy maximised efficiency. What's more, the engineering storeroom can become a profit centre in its own right, says Julia Mullar, Business Unit Manager of ERIKS.

“One of the most essential elements of the competitiveness of an enterprise is to ensure that its production environment is available and in good working condition to produce quality products reliably. In case of an equipment failure, it is imperative that the right part be available so that downtime is kept to a minimum. Failure to do so results in delays that directly affect performance, and when repeated over time, quickly affects the credibility and hence the bottom-line of the enterprise. MRO management deals with having the right spare parts available for the upkeep of the enterprise and having all the necessary supplies and consumables on hand for the smooth and continuous operation of the production environment.”

So says Dr. Amar Ramudhin, Director of Supply Chain Management & Technology Georgia Tech's Supply Chain & Logistics Institute, Atlanta, USA, an academic who has written at length about the effect of day-to-day issues such as storeroom management on profitability and efficiency. As far as ERIKS is concerned, whatever its size, an engineering storeroom should be managed as a centre of productivity, a profit centre in its own right.

MRO stores are often overstocked, typically because engineers don't know exactly what they are going to need or when, so there is a

tendency to keep large amounts of parts in the stores just in case. Think of these lumps of metal on a shelf as money - piles of five and ten pound notes - and you can see the inefficiency. Of course, it is wise to maintain fast access to critical and fast-moving items but the items in storage are not always necessary. Often, the list of spares established when the plant was opened is out of date, as engineers have long since made changes and, indeed, the needs of the plant at large may have changed. Consequently, it may be that only around 20% of spares move within an 18-month period. There is also the question of how long it takes to install the parts kept in stock. You may be storing 'critical' items such as large bore bearings, for instance, but if it takes a day to strip the old one out of the machine then it is unnecessary to incur the expense and additional effort of holding them in

An engineering storeroom should be managed as a centre of productivity

stock when they could be delivered before the engineers are ready for installation.

Storeroom optimisation is a defined function within ERIKS, which now has over 10 years of stores transformation and project management experience to draw upon. ERIKS recently helped a customer turn around its storeroom operation after it failed an internal financial audit because of issues such as poor storage and lack of documentation. Following a series of measures including the streamlining of fast-moving stocks and a new storeroom layout using high-grade, pre-galvanised steel shelving, the audit status of the stores was raised from RED to AMBER and ultimately to GREEN.

Once implemented and fine-tuned, the results of storeroom optimisation 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 organization resources as they are diverted to more value adding or mission critical activities. By consulting an experienced supplier such as ERIKS, you can achieve these efficiency gains and truly consider your storeroom as a profit centre.

Contact ERIKS
Tel 0845 006 6000
www.eriks.co.uk

ERIKS