

STRATUMSM
CONSULTING PARTNERS



Finding Profits in Your Storeroom

MRO Storeroom Optimization

Does your maintenance department have to sift through an ocean of inventory to find the parts they need? Are you searching for ways to reduce maintenance material costs while improving asset performance? The answer to these challenges lies in Maintenance, Repair Operations (MRO) Storeroom Best Practices.

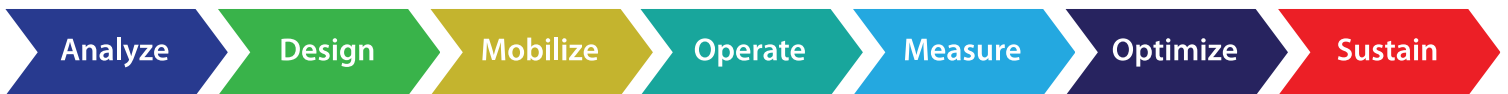
The Challenge

Historically, MRO inventories are one of the most inefficiently managed units of an organization. While a neglected, disorganized storeroom may seem a trivial matter - it can pose a substantial burden on productivity and profitability. On average, a technician will spend up to 10 hours per week searching for parts. Maintenance departments often ignore storeroom policy. Rushed or inaccurate requirements make service fulfillment more expensive and less effective.

MRO Storeroom Best Practices

MRO Storeroom Best Practices are defined as the most efficient and effective means to managing, storing, and handling MRO inventory materials. Best Practices are the backbone of an efficient and effective MRO Storeroom operation:

- clean, standardized, and enriched MRO inventory data
- separation of receiving and buying activities
- inventory cycle counting
- trained and skilled Storeroom personnel
- clean and well-organized Storeroom
- automated requisitioning
- reorder point optimization
- key performance indicators



Stratum's Approach to MRO Improvement

Trying to organize, store, identify, and properly manage thousands of disparate inventory items, with different and seemingly unpredictable demand patterns, seems like an uphill battle. A thorough implementation strategy is critical to establishing a successful MRO Storeroom operation. Stratum employs seven key steps constitute the implementation of MRO storeroom best practices.

Analyze

Stratum conducts a Storeroom assessment to identify gaps between the current environment and a best practice environment. Based on these gaps, Stratum develops a Project Implementation Plan to guide the facility forward. The assessment and an ROI estimate are presented for management approval.

The Benefits of Best Practices

The storeroom's primary roles are to secure, store, and properly manage materials that are critical to production and operations.

The storeroom has the potential to increase productivity, improve asset performance and reduce overall costs. Correctly optimized, a storeroom can provide:

- Increased maintenance productivity by 12 to 15%
- Reduced MRO material costs by 20 to 30%
- Reduced equipment downtime by 3 to 7%



Design

Based on an inventory exposing unnecessary items, a physical design is implemented. A critical requirement is the protection, organization, identification, and labeling of items. The design of a Storeroom should include:

- Definition of material storage and square footage requirements
- Identification of storage media requirements and suggested layouts
- Development of an inventory location scheme
- Identification of office, issue, receipt, parts kitting, and staging areas
- Recommendations on material handling equipment
- Determination of which items “qualify” to be inventoried

Mobilize

Inventory data setup and storeroom setup are key to the mobilization process.

Inventory data setup develops and maintains a clean, standardized and enhanced inventory database. Data setup includes repairing descriptive information and developing rich and meaningful MRO inventory source data. See inventory descriptive information.

BEARING, BALL 0.3937" ID 1.0236" OD 0.3150" WD

BEARING, BALL 0.7874" ID 1.8504" OD 0.5512" WD

BEARING, BALL 1.1811" ID 2.4409" OD 0.9375" WD

Storeroom setup ensures inventory materials are correctly organized, binned, and labeled – improving the overall operational efficiency of the Storeroom, and extending the lifespan for parts.

Operate

Standard operating procedures in the form of a Best Practice Model must be developed to guide implementation and process activities. Personnel must be also be trained to uphold Model practices and procedures.

MRO Materials Model Development

A MRO Materials Model establishes the Best Practice state for all Storeroom materials management activities. The model should contain information such as key performance indicators, policies and procedures, process flow charts, and storeroom roles and responsibilities.

MRO Materials Model Training

Training should focus around both the tactical and strategic aspects of operating a MRO Storeroom. Training for Storeroom Clerks improves the management of materials, processing system transactions, and housekeeping activities. Training for Storeroom Managers improves the overall management of Storeroom inventories.

Measure

Performance measurement involves tracking specific performance criteria, including comparing results to benchmarks and historical values. These measurements will expose opportunities for additional improvements. The most valuable metrics for organizations to examine include storeroom service levels, internal lead times and inventory accuracy. Performance accountability and recognition will help keep staff focused on exceeding measurement goals.

Optimize

The right level of inventory minimizes the total cost of inventory. Inventory optimization is the process of analyzing operational risk and materials management transactional data and identifying the optimal reorder points and maximum level of inventory to maintain. The optimization process helps to achieve the correct balance between costs and accessibility.

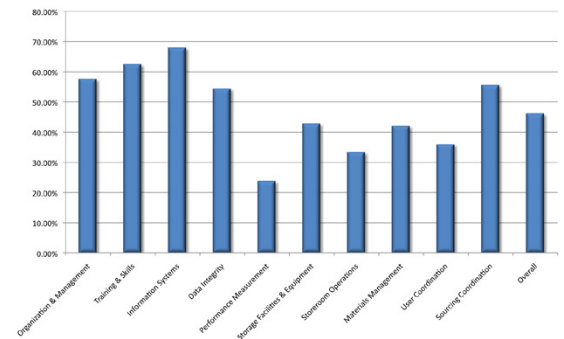
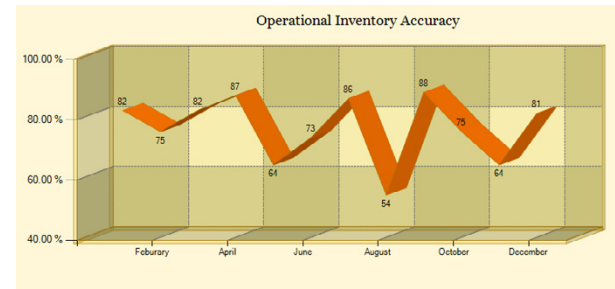
Sustain

A good way to sustain operations and find continuous improvement is through periodic audits. These MRO audits help ensure all plant implementation teams are on track and continuing to close Best Practice gaps. A formal ranking system based on Best Practices allow internal benchmarks to be established and progress to be measured.

Summary

Implementing MRO Storeroom Best Practices is critical to optimizing MRO spending and inventory investment while supporting asset reliability needs. How these philosophies and measurement programs are implemented is equally important. The identification of Best Practices coupled with a simple but thorough implementation methodology shortens implementation time, accelerates organizational buy-in and facilitates the realization of long-term and significant value within the plant and across the organization.

To reduce maintenance costs and improve asset performance, call Stratum at (720) 221-3559 for a MRO Storeroom evaluation.



© Copyright 2008
Stratum Consulting Partners, LLC
3450 Castle Peak Ave.
Superior, CO 80027

(720) 221-3559 — phone
www.stratumconsultingpartners.com — web
sales@stratumconsultingpartners.com — email