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More Bang for Your Buck: Taming the Monster

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By Dan Floen, Professional Materials Management

Somewhere, on the grounds or inside the facility, lurks the monster . . . a room jam-packed with maintenance and repair parts. Specifically what or how much is actually sitting inside the room is unknown. No process exists to manage this monster – which appears to be growing. There seems to be much more than needed. Reasonable stocking levels are impossible to set because no one knows how many of each part is really being used.



Sound familiar? How do you gain control of this monster before the audit department intervenes or you're forced to move to another office for lack of space?

Before Starting . . . Visualize

How will employees find and check out parts from this area in the future? In other words, will they 'shop the aisles' for parts or will there be a service window with an attendant on duty to issue parts? Will everything be neatly labeled? Will floor ladders be needed to reach the upper storage areas? Will the aisles be wide enough to roll ladders or utility carts through them?

Visualizing the end state literally dictates the approach taken to tame the monster.

Select a Process to Manage Inventory

These processes run the gamut from manual kanbans to high-end software solutions. First, find out what systems your company currently uses that might be capable of managing the inventory. Many software suites offer an option to purchase their 'Inventory Management Module.' Many benefits can be added by staying within the same software package already in place for other areas of the operation.

If this is not an option, numerous inventory management systems are available – priced from under \$1000 for a single user to fully-networked systems carrying much

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higher price tags. When unsure about the direction to take, call an expert for help.

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Get Rid of Obsolete & Dead Inventory

Be aggressive here, returning or selling whatever possible and trashing the rest. Use the 'dust bunny' test: "If you can wipe off enough dust with one pass of your finger to roll it into a dust bunny, that part has laid there forever. Get rid of it." Remember . . . eliminating whatever parts now reduces the number of items to manage and buys shelf space in the storeroom.

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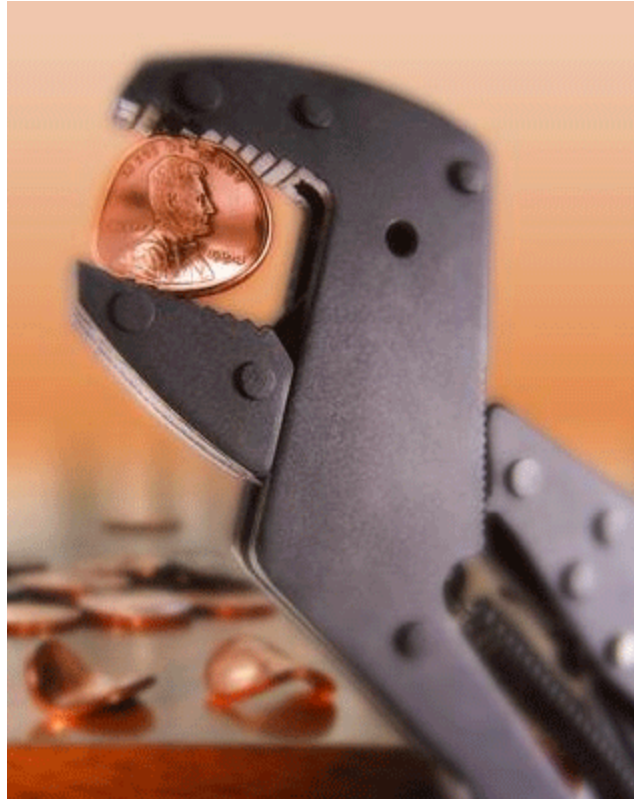
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Organize Remaining Items

Walk in the shoes of the employees that must come into this area to find parts. Allow the end users' needs to be the guide. Try grouping these items by type (plumbing, electrical, etc.) or by machine or department (#3 rolling machine, housekeeping, etc.). Ideally, small parts should be stored in bin boxes. Do not stack different items on top of one another.

If more shelving space is still needed after dumping the trash and organizing the rest, install industrial shelving units suited to those needs. Always allow for 10% growth of the inventory – just in case parts are added for another manufacturing line or that

new wing of the building.

A Word on Modular Drawer Cabinets

While drawer cabinets hold a tremendous quantity of parts, consider their impact on looking up and retrieving parts – prior to installing many of them. If end users 'shop the aisles' to locate parts, open bins are more convenient because they physically expose those parts inside each bin. If end users look up parts by number on a computer, the system will pinpoint the exact location of each part. When using drawers within a 'shopping' environment, accurately label the drawers to show all product types within each drawer.

Label the Shelf Locations

Use barcode labels. Even if there are no immediate plans to use barcode scanners, a later move may happen and the labels will already be there. Specify label locations only to the shelf level. Location-labeling each bin on a shelf creates a nightmare when moving items within your system.

Build a Quality Inventory Database

This tedious step is usually implemented best by third-party specialists. A minimum database should have these features:

1. Standardized item descriptions – typically managed through a "Noun - Modifier -Attribute" scheme. For example, all electric motors descriptions would resemble this: Motor, Electric, 1HP, 56Frame, 240V, etc. Scanning down a screen of parts or a printed sheet is much easier when sorting standardized descriptions by noun and modifier because all like items are grouped together.
2. Always capture the manufacturer name and number whenever available on the part. Having this information makes sourcing easier and helps suppliers provide the correct products.
3. Capture item location.
4. Item counts – though some companies count items as they collect them, everything is typically counted at the end of the project to provide an accurate starting point for the inventory.
5. Item prices – usually defined by Purchasing. When starting with nothing, consider estimating the value of each part until an actual cost is determined by the next purchase. Without an estimate, the amount of inventory owned remains unknown . . . and it's often much more than you think.
6. Other fields to consider are company part number, machine specific information, supplier name, supplier number, and cost center.

Label All Inventory Items

Again, use barcodes . . . you may not have scanners today, but why not be prepared?

Count the Inventory

Counting is preferably done in one fell swoop . . . maybe over one weekend.

Track Usage Religiously

Begin tracking usage immediately after loading the inventory onto the system. You'll typically discover that inventory levels being held well exceed the needs of the operation.

The Big Payoff

Taking these steps enables companies to avoid significant spending in the first year – the equivalent of 20 percent to 30 percent of the original on-hand inventory. This more than offsets the cost of taming the monster in the first year. See your inventory with new clarity . . . and come out looking like a hero.

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