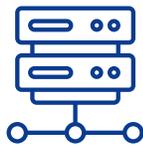




Top 3 Reasons Why Your Facility's Poor Inventory Reliability Leads to Costly Decisions

Businesses across the United States and world waste a significant amount of money and time every single workday because they suffer from inventory management deficiencies.

These deficiencies are connected to three core areas:



DATABASE



STOREROOM



PROCESSES

When your team can't find parts because of an inadequate, underutilized or completely absent database and when your team understocks or overstocks parts or even pays exorbitant shipping costs to rush parts to your facility, your organization is at serious risk of falling far behind your industry's leading-edge competitors. Even if your business has invested in a solution that improved your team's database and storeroom management, without clearly defining and abiding by sound processes, your team is at risk of finding itself in trouble all over again just months down the road.

It is only when organizations achieve database excellence, storeroom excellence and process excellence that they will achieve reliability. They'll also be able to maximize revenue opportunities and help foster a workplace of supreme organization, ease and satisfaction.

Let's explore ways organizations are plagued by database, storeroom and process deficiencies as well as viable and proven solutions they may invest in to achieve reliability excellence.



**An Inadequate
or Underutilized
Database Is
Hampering
Operations – If a
Database Exists
at All**

.01



Many who work in storerooms say it's too challenging to search for and locate parts in their databases, causing them to spend a lot of time.

In MRO/OEM and facility maintenance storerooms across the United States, inadequate and underutilized databases are costing businesses thousands of dollars in needless labor costs and expedited part shipping costs along with causing work delays. In many of these storerooms, the database simply can't be trusted, causing severe workflow bottlenecks. Many who work in storerooms say it's too challenging to search for and locate parts in their databases, causing them to spend a lot of time only to get nowhere. When they can find parts in their databases, the matching inventory is often inaccurate, eroding faith that the quantities available on computer and tablet screens actually exist on storeroom shelves.

In other storerooms, organizations have invested a significant amount of money into a database solution that is causing problems from the start because data is not formatted correctly, causing nightmares for teams scrambling to make sense of what's working and not. The result in many of these storerooms is that teams are choosing not to use these databases completely or at all, with business' investments being squandered. These organizations

have, essentially, built a vehicle in their Enterprise Resource Planning (ERP) solutions, but without gas—or rich, consistent, standardized, accurate and trusted data—the automobile simply won't work. These teams will be unable to get to the dreamed-about land of peak efficiency and productivity.

As bad as the environment is in storerooms operating with an inadequate or underutilized database, it's even worse in storerooms without a database at all. Every part must be hunted for, and although some team members might bring photographic memories to this gargantuan task, these businesses suffer when their team members retire or leave for other jobs. All this knowledge, built from years or even decades of experience, cannot be handed off to new employees.

Database Excellence Is Key for Businesses to Realize Operational Excellence and Reliability

Ultimately, database excellence is critical to the reliability of any organization's operational excellence. Lack of reliable data contributes to faulty reporting, poor decision-making and increased costs, which can balloon to be out of control very quickly in emergency situations.

Reliable and accurate data is critical to managing inventory effectively. Capturing inventory you already own but is not represented in your storeroom's database brings spend-avoidance opportunities while improving the accuracy and reliability of your inventory management process.



Lack of reliable data contributes to faulty reporting, poor decision-making and increased costs.



**Missing Parts
and Oversupply
in Storerooms
Are Leading
to Substantial
Expenses and
Lost Labor**

.02



The money drain connected to a suboptimal storeroom setup occurs in less-dramatic fashion every workday,

Seemingly every storeroom connected to a business that's not achieved database, storeroom and process excellence has a number of shocking stories about flying in parts as quickly as possible from far-flung locations or staff time wasted in looking for parts or being unable to work at all because of missing parts.

One storeroom employee reported that his team chartered a jet to fly in a \$30,000 part and then discovered later that the part was in the storeroom. Another storeroom employee reported that his business' plant was down for a whole day with his team not producing at all because the one key team member who knows where parts actually are located in the storeroom was on vacation and unreachable. This U.S.-based organization wound up having to fly in a part from Germany. All told, this business suffered a \$1 million loss from this experience.

These kinds of scenes play out in storerooms across all types of industries, with teams panicking over misplaced or missing parts and then paying

expensive and needless expedited shipping charges so that work can commence or continue on projects.

The money drain connected to a suboptimal storeroom setup occurs in less-dramatic fashion every workday, however. In storerooms across the United States, it often takes 90 minutes of labor from two technicians to get their hands on needed parts. These employees—almost always in pairs—drive up on golf carts and walk the storeroom aisles for a half-hour, coming up empty-handed. Some of these employees will take cigarette breaks before and after these storeroom searches. And then they'll hop in a vehicle bound for a Home Depot or Lowe's store, paying twice as much money for the needed parts.

A photograph of a middle-aged man with a grey beard and glasses, wearing a blue hard hat and a bright yellow safety vest over a red and blue plaid shirt. He is smiling and looking towards the right. The background is a blurred industrial or storeroom setting with shelves and equipment. A blue geometric pattern is overlaid on the left side of the image.

In storerooms across the United States, it often takes 90 minutes of labor from two technicians to get their hands on needed parts.

In other cases, technicians are unclear whether they'll need one part or another and so they take both parts off the storeroom shelf, using only one part. Sometimes, these employees store these unused parts in their personal hidey-holes, or hiding spots, so that they can locate the parts for other jobs. Lots of times, in these situations, these technicians will not report that they took two parts off a shelf. They may also take two parts off a shelf, use one part and not check the second unused part back into inventory. All this results in gaps between storeroom and database intelligence.

In even other cases, teams wind up overstocking parts, resulting in a parts glut, costing their business' money. This kind of "just-in-case" inventory, with managers squirreling away more parts than their organizations require, adds up over time, contributing to excess inventory, often five to 10 times more than they would use in a year. This is especially the case when parts sit on storeroom shelves for years and years until the parts have entered the realm of obsolescence. Add to this the reality that some team members mistakenly stock up on the wrong parts because of botched database information, and the money bleed can be excessive.

In time, some teams find themselves facing a space crunch because their business' storerooms are overflowing with excess parts, many of which are simply not usable to operations. These teams may think they have a storage problem, but it is truly the inventory problem that they suffer from that is causing their storeroom capacity issues.



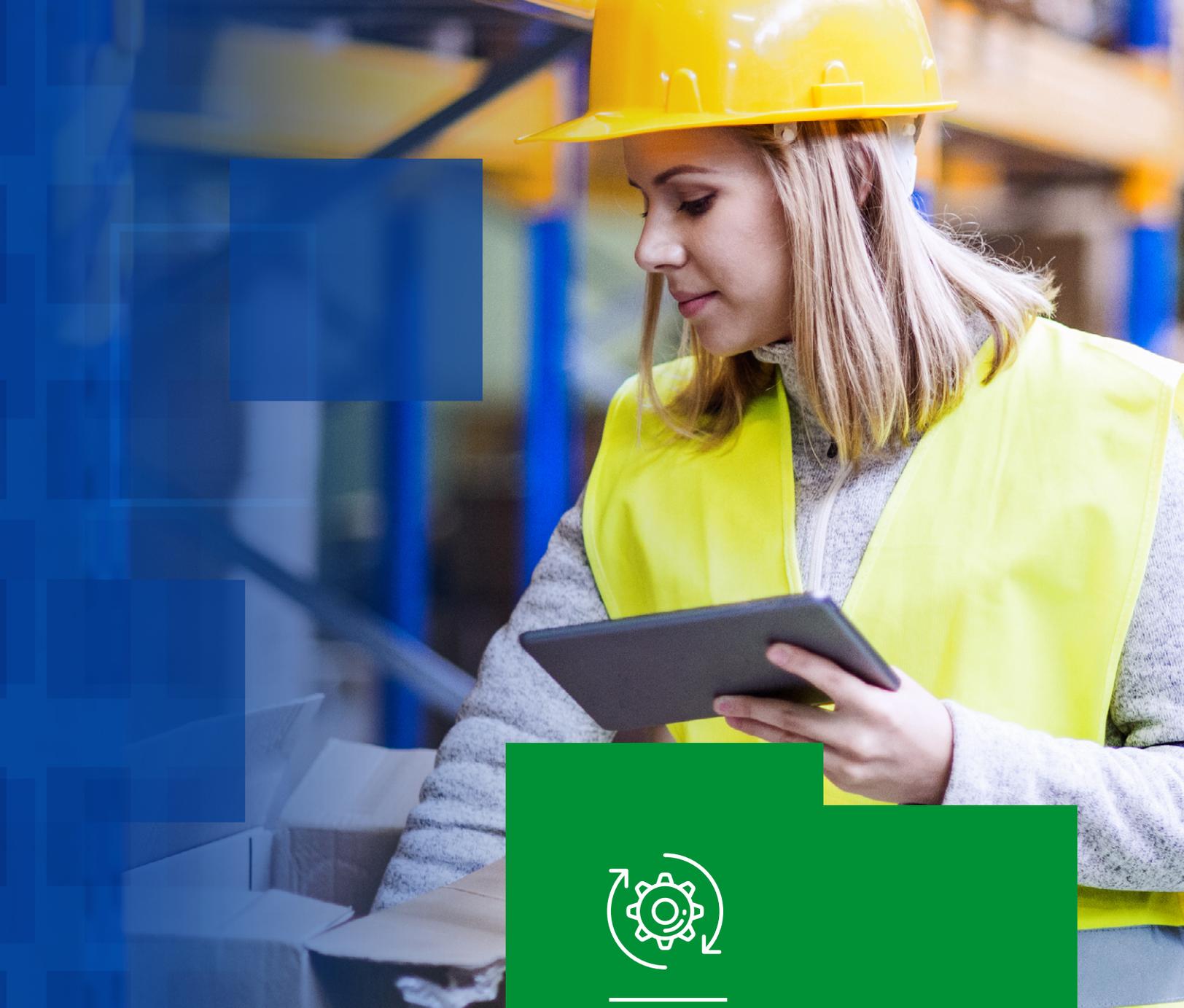
These teams may think they have a storage problem, but it is truly the inventory problem that they suffer.

Storeroom Excellence Is Vital for Organizations to Achieve Operational Excellence and Reliability

At the end of the day, organizations want to pour their energy and talents into making products—not managing storerooms. Poorly organized storerooms, however, are creating environments in which so much money and time are wasted, using up resources that could be better spent on facility upgrades or other drivers that lead to their being world-class organizations. A properly organized and well-managed storeroom can drive reliability, efficiency and cost savings throughout your entire organization. This may be a universally agreed-upon statement, but success can be found starting in details and developing answers to major questions such as the following:

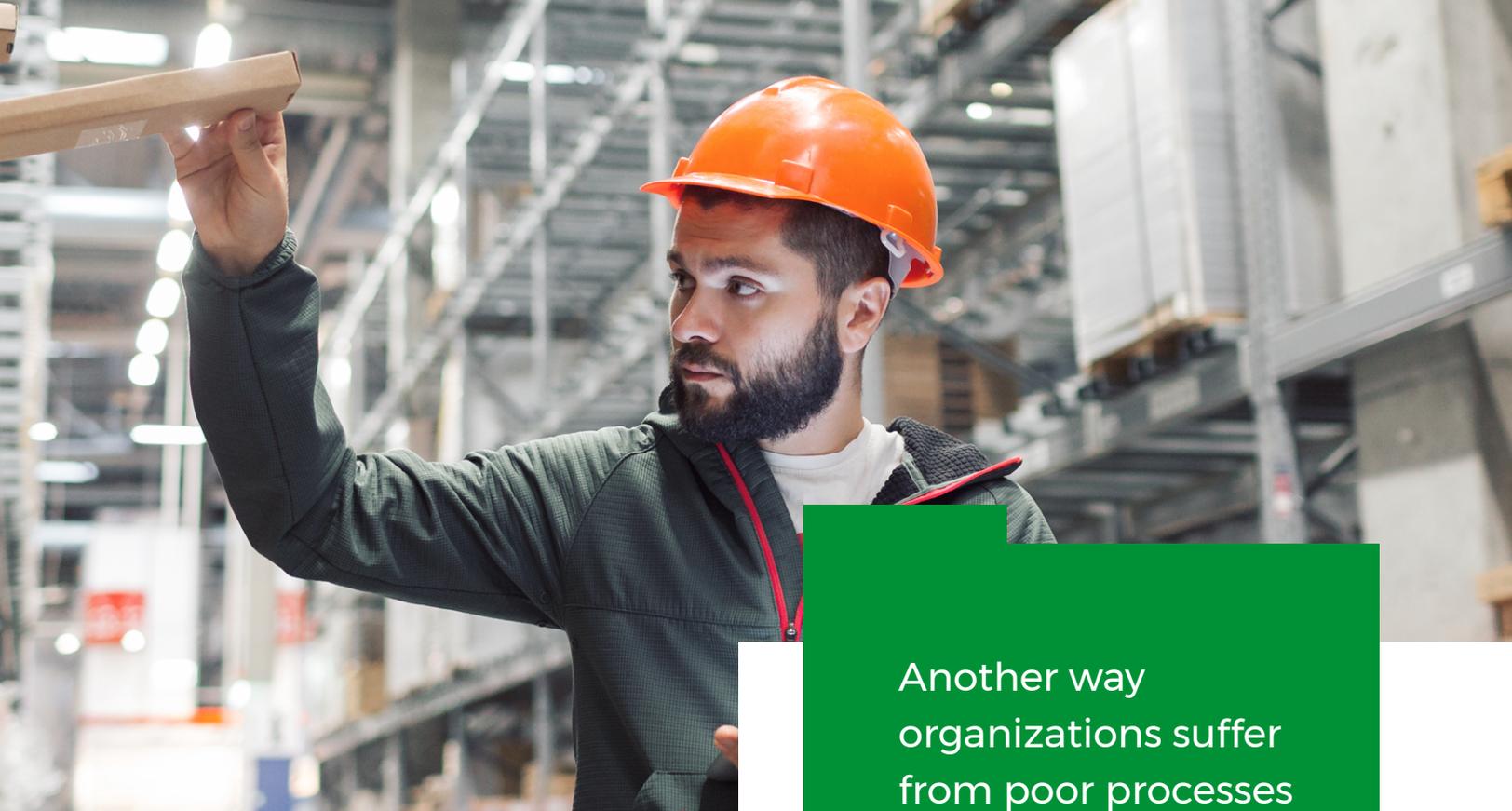
Develop answers to major questions such as:

- .01** Will all your inventory fit inside your existing space?
- .02** Does your storage layout meet OSHA requirements?
- .03** Does your facility incorporate 6S (Sort, Straighten, Shine, Standardize, Sustain and Safety) best practices?
- .04** Should parts be grouped by commodity or machine?
- .05** Will additional storage products be required, and, if so, which are best for this situation?
- .06** How will the users of the space maintain it over time?



**Ill-Defined or
Lack of Processes
Is Slowing Down
Your Team and
Costing Your
Business Money**

.03



Another way organizations suffer from poor processes is in extending credit card access to nonpurchasing professionals.

Heads of businesses often are aware that they are plagued by database and/or storeroom problems. But process problems can also be costly for organizations in many different ways.

In one example, forcing team members to walk or otherwise travel long distances to get parts or regularly used tools or equipment to do their jobs is a process issue. It is inefficient for a technician to have to walk 10 minutes to get to a storeroom and then roam the aisles for another 20 minutes in search of a part. This amounts to 30 minutes of one employee's time for a single part, and, over the course of a year, enterprises lose hundreds to thousands of hours of staff time—and tens of thousands to millions of dollars—over inefficiencies that steer your team's attention off their primary roles.

Another way organizations suffer from poor processes is in extending credit card access to nonpurchasing professionals. This privilege can result in spending that can't be controlled, let alone

measured. A lot of times, team members may use these purchase opportunities as a way to stock up on parts they believe to be needed, possibly leading to overstocking. Some operations experts believe that giving credit cards to any employee and not just to dedicated purchasing professionals is purely a carcinogen to best-buying practices.

Organizations also are affected when operating an open storeroom, as opposed to a closed storeroom, in which any employee has access to all the parts a business owns. At some of these businesses, access is even limited during work hours, but during after hours, inventory is misplaced or goes missing entirely.



Finally, it is sad but true:

Many facilities have no processes in place—or the processes that existed have broken down over time, leaving the organization to operate on “workaround after workaround,” a most inefficient process.

If ever quantified, organizations would discover that these inefficiencies add up to staggering figures. Additionally, these organizations are accepting a culture of “make it work” rather than “make it right.” When businesses have no processes in place, it’s as if they’re operating an enterprise that is a money-making machine but letting the freshly printed bills fly out the window.

Process Excellence Is Critical for Organizations to Benefit From Operational Excellence and Reliability

A frequent concern many organizations have is their ability to maintain their database and storeroom after making sizable investments in shoring up these resources. It is impossible to have maintenance reliability if a business doesn't attend to its process by which it manages its inventory.

At its heart, process reliability involves having the right process and effective tools to perform the process. Additionally, well-trained and fully committed team members must complete your business' processes consistently and accurately.

Most businesses agree that human error and suboptimal performance are the costliest form of waste in their organizations. Many of them, however, are challenged to manage the human factors of process excellence effectively.



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Introducing PM2

a Company With
Solutions That Work and a
Proven Track Record





PM2 is a professional materials management company that works with organizations to build a solid foundation for them to achieve their inventory management goals and accommodate growth opportunities. We concentrate our efforts on helping our clients achieve database, storeroom and process mastery. Our leadership team brings to our clients a wealth of materials management experience.

PM2 provides high-quality solutions for a wide range of industries, from aerospace and automotive and government to health care, technology and transportation and logistics. We've worked with major brands such as Bausch & Lomb, Bayer, BP, Chrysler, Cisco, Del Monte, GE, Lear Corporation, Mayo Clinic, Northwestern University, The University of Mississippi, UPS and Walt Disney Pictures and also serve small and midsize companies. Altogether, we've helped elevate materials management for hundreds of clients.

The team you sent me makes the first word in your name ever so TRUE. They have all been outstanding.”



What Sets PM2 Apart From Our Competitors

The PM2 team is strongly committed to helping make the world more reliable. We are a company grounded in the Christian values of trust, honesty, integrity, respect, kindness and a sense of social responsibility.

At PM2, we live and breathe operations. Operations is not only our core service but our only service.

Additionally, the PM2 team are experts in data, inventory and process. Our areas of focus underscore our contention that only with data excellence, storeroom excellence and process excellence can organizations achieve inventory reliability. Competitors, however, specialize in sales and purchasing.

Moreover, PM2 does not rely whatsoever on clients' spending for profit. Our company provides service for fees. Integrators' ultimate motivation is for their customers to spend more, so they mark up the spend to increase profit.

PM2 places a key focus on total cost of ownership and service metrics growth. Our competitors, meanwhile, focus on product sales and margin growth.



I want to tell you what a wonderful job your crew did on putting that tool crib together for us.”



Key Benefits of Partnering With PM2



Most clients who choose to partner with PM2 benefit from a significant return on investment within the first year of our solutions' implementation.



Our customers find relief in the fact that they can make informed decisions rather than “feels like” guesses. Finally, PM2's solutions help our clients enjoy working in a more efficient environment.



Our clients also benefit from a measurable spend avoidance right away as well as increased inventory turns—sometimes doubling or tripling initial rates.



By partnering with PM2, your business can finally thrive and stop the disruptive, endless and costly cycle of poor database, storeroom and processes practices.



Additionally, our clients benefit from having less overall inventory in their storerooms, resulting in a major reduction in costs, along with realizing product cost and process savings.



By partnering with PM2, your team will perform better, like a well-engineered and well-oiled machine, and your business will maximize revenue opportunities with less waste of money and time.



Let's talk about your organization's needs and how PM2 can provide robust solutions as a partner that save money and time while improving your workplace.



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