



MPW turns maintenance headache into management success

Problem

An international OEM manufacturer with a history of committed process improvements and excellent quality had a serious hole in its procurement budget. MRO inventory had been run for years by the maintenance department, and outside of an undersized “tool crib,” had stock throughout the production floor. The customer had used an “Open MRO” shop for years in the belief that it was the best method of minimizing deliverable inefficiencies and maximizing lead time.

The consequence of this ingrained practice was that the customer was writing off more than \$1 million in MRO inventory losses every year and looked to MPW for help.

Solution

After observing plant MRO operations and seeking input from operations shareholders, MPW set out to bring best practices to the customer’s inventory management. First, maintenance and repair techs were taught how to use a new requisition system.

At the same time, physical controls were added by consolidating maintenance equipment that was previously sitting on skids at various points on the floor into a centralized “cage” depot. Items were inventoried, cataloged and racked using a uniform numbering system that was easily understood and easily taught. Additionally, internal analysis of stock-on-hand and usage trends was shared with the customer’s purchasing department.

Results

MPW staff worked hand-in-hand with the customer to ensure the transition process avoided any service delays. When any resistance was met, MPW was able to demonstrate the value of having an MRO-specialized partner onsite. On-hand inventories were immediate, accurate, and the maintenance staff didn’t have to waste time going through various locations to find what they needed.

Due to pallets not being strewn around the plant floor, housekeeping and safety immediately improved at zero added cost. Purchasing was able to improve its accuracy regarding on-hand inventory and avoided having to source or expedite most items outside of its normal supply-chain, thus further adding to indirect cost savings.

This collaboration allowed the customer to focus on making quality components central to its process. MPW’s management of the MRO functions resulted in write-offs going from more than \$250,000 per quarter to under \$5,000 per quarter, equaling direct cost savings of more than \$1 million per year.

