

## **The benefits of managed MRO**

**Outsourcing your MRO could save you a lot of time and money, especially where purchasing is concerned, says Paul Lynch, Commercial Director of ERIKS**

Sharper management of MRO (maintenance, repair and operations) procurement and stores activity can make significant improvements in both plant efficiency and economy. Stores need to be accessible and well organised to keep the factory floor running smoothly. If they are, then the engineer who arrives at a critical time – or any other time, for that matter – will find the equipment that he or she needs quickly and easily without wasting valuable time. Furthermore, the engineer who visits a well-run store is far less likely to find a part buried beneath several others, or stored in the wrong conditions, that is no longer in full working order.

Outsourcing can save plenty of headaches, as well as time and money, especially where purchasing is concerned. There are a number of reasons for this.

**Purchasing Power** - If you choose an established outsourcing partner with strength as both a manufacturer and a distributor, you can take advantage of some considerable purchasing power. That's because your partner will be buying not only for you but also for itself, and buying in larger quantities means negotiating extremely competitive prices. By using an outsourcing partner to make your purchases, you could end up making a small order and scoring a big saving.

**Reduce Your Inventory** - Even without moving to a fully outsourced solution, you can avoid having capital tied up in stock by reducing your inventory. There's also no need to worry about

missing parts creating downtime – your partner's service centre can identify and stock your plant-critical items so that they are available as and when required.

**The Stores As A Service Provider** - An outsourcing partner can even handle your entire stores operation, supplying a dedicated team of on-site staff who understand your products and are trained in the best practices for stock and warehouse management. This solution not only sorts your immediate problems but prepares for the future; outsourcing providers can so effectively monitor the stock that gradual or sudden increases in the use of a particular spare part can help identify potential problems on the factory floor. The store operation thus becomes a second line of defence alongside condition monitoring in the predictive maintenance programme, protecting productivity and efficiency.

**Cut Downtime** - The difficulty with on-site management is that the engineers themselves are often required to complete the paperwork necessary to ensure the ordering of replacement spares. With this in mind, it is easy to see how problems can escalate. If the engineer is, understandably, keen to get away and back to the work for which he collected the spare part, the correct maintenance of the stores can be neglected. The more neglected the stores get, the longer it takes to find parts on the next visit. In the worst case scenario, the plant could end up without an important part because the last one was removed on a previous visit to the stores, or the time before that, and nobody noticed. Before you know it, the plant is at a standstill while a replacement is arranged. This may be an extreme example but, nevertheless, one that we would all like to avoid. Even without major crises to grapple with, it is simply not efficient to run stores with, for example, little or no stock rotation to maximise supplies and keep replacement parts in a

usable state. However, by using a partner to manage MRO, downtime as a result of poor stores management can be eliminated, boosting productivity and profitability.

**Optimise Stocks** - There are other ways to make cost savings and increase efficiency, for example, by conducting a survey of your stores and inventories to establish precisely what is a critical component and what is not. Again, the advice sounds obvious but a little lateral thinking can reveal potential savings. 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 stock. And in any case, if you are maximising plant efficiency via the regular use of condition monitoring equipment, you will already be giving yourself a clear indication of when components are expected to fail and will thus be able to order a replacement before it is urgently needed.

### **Case Study**

We recently undertook an outsourcing contract with a major pharmaceutical manufacturer who was keen to reduce its MRO costs while increasing its productivity. One of the principal objectives outlined was to streamline the existing stores management system for requisitioning spares. ERIKS conducted a "brown paper" exercise and helped the customer streamline the processes. ERIKS now manage the 10,500 stock items on behalf of the customer using this improved system.

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## About ERIKS UK

We offer over 90 years technical knowledge and experience from 76 nationwide industrial service centres, supplying over 500,000 unique industrial products. We have 88 integrated on site stores and procurement centres reducing the costs of all maintenance and repair products and industrial services. With 9 core competence centres and 23 fully equipped repair workshops maintaining equipment from electric motors, pumps, gearboxes, generators, transformers through to condition monitoring based preventative maintenance services, such as thermography, air leak surveys and vibration analysis.