

Case study

Storeroom Services



Summary

Industry: Pharmaceutical
Application: Stores Turnkey Solution



Consolidation and Streamline of Supply

ERIKS overhaul supply chain and stores for Pharmaceutical customer

ISSUE

The customer is a global organisation renowned for superior analytical instruments, laboratory equipment, software, services, consumables and reagents.

The customer has a large and developing supply chain for the supply of MRO spares at its facility in Newport, due to its well established business needs and plans to increase production through projects. The customer was also in need of consolidation of its stores.

Outcome and Benefits

The stores were overhauled and ERIKS Easy Order System implemented to make sure the customer, for the first time, had easily managed stores.

Through the MRO supply agreement ERIKS reduced the Total Cost of Ownership and looked to increase plant and process efficiency.



Pre-transformation



Post transformation

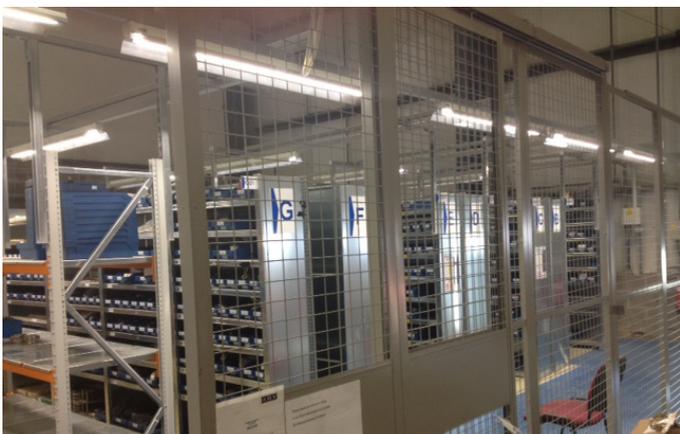
know-how makes the difference

ERIKS



SOLUTION

From ERIKS' observations they found that the customer already ran a range of solutions, from consumable vending to small parts free issuing. This was mixed with limited controls on spares issuing from a number of non-dedicated storage areas. The opportunities to consolidate and streamline the supply became apparent, once discussions had started with the customer, which revealed the opportunity to offer the customer a full turn-key solution package across a number of core competencies.



The new caged stores area

From these discussions ERIKS identified four distinct projects:

1. The installation of two vending machines to dispense consumables line side.
2. The provision of a dedicated MRO Engineering Stores:
 - Stage 1 - The cleansing and mapping of all spares currently within their business.
 - Stage 2 - The creation of a new purpose built stores area and the relocation of spares from all areas into the new area.
3. The provision of our web based stores management system and catalogue – ERIKS Easy Order System.
4. The rationalisation of their supplier base.

Vending Solution

The objective of the vending solution was to supply new replacement machines that would cater for the items managed by the existing vending machines. Replacing these machines allowed ERIKS to help the customer to source the goods at a more competitive price resulting in overall savings.

ERIKS reviewed the usage history from over the past 12 months and were able to identify the levels required to accommodate a three day stock holding and on reviewing the size of those parts, ERIKS were able to better re-configure the drawers and reduce the overall size and cost of the machines required.

The original machines were also very old and the replacement resulted in a more up to date system which is owned and controlled by the customer. The installation was completed without disruption to the day to day operation of the business and the systems have since operated effectively whilst continuing to offer:

- 24/7 Automated Control Guaranteed Availability
- Secure, Auditable Storage
- Controlled Consumable & PPE Usage
- Line Side Availability
- Fast & Easy System Operation
- Complete User Accountability
- Automatic Procurement Capabilities
- Reduced Inventory Procurement Costs

Provision of a dedicated MRO Engineering Stores

The aim of this part of the project was to log all spare parts held in the multiple stores areas and consolidate them into one new, purpose built, secure stores. The area chosen for the new stores was cleared and the installation of a bonded cage and new storage media commenced.



ERIKS' original proposal was based upon the survey of two stores. It was estimated that there were 2,500 parts held within these two areas. However, when ERIKS got to site and started logging, it was discovered that there were a large number of line side stores which needed addressing by ERIKS. ERIKS responded swiftly and arranged for the engineers to clear the stores of any obsolete or redundant stock.

Subsequently ERIKS logged 3,930 parts in 37 different rooms/areas/cabinets of which there were 484 lines that were duplicated across two or more areas. Once these were consolidated they were left with 3,446 located items in the new store.



Part of the ERIKS vending solution

Stuart Barton was the ERIKS project lead for the stores relocation. He says "The customer had no real stores nor any inventory of the stock they held. There were two rooms crammed to overflowing with many spares. These spares fell into categories of the different production areas or machines

within the plant. There were also line side cabinets in each area that contained somewhat better quality spare parts that were more critical to the running of the plant. We created a catalogue of all the spares categorising them ready to be moved into the new purpose built stores. Some of the site engineers were very helpful in identifying OEM spares. When the cataloguing was complete we relocated all the parts into the new storage media and labelled them. There were many duplicate parts held in different areas, which we identified and brought together. There were also

many parts which were essentially the same but by different manufacturers. We crossed referenced these with a generic ERIKS reference, and consolidated them together."

Items were logged with the supplier and/or manufacturer's part number; given a detailed and standardised description and counted. They were then given a unique location, put away, labelled with the location, item description, part number and barcode. The full stock file was then loaded into the ERIKS Easy Order System with a minimum re-order and on-hand quantity, to ensure necessary parts were always in stock. A manual issue form was provided in the stores and the customer's engineers recorded any withdrawals they made from stock during the transition process.

Easy Order System Implementation

The customer had no system of managing their engineering spares. Parts were ordered and expensed at the time of purchase. However, they knew that they had a large amount of spares held on site that had not been recorded or tracked.

ERIKS provided the customer with their web based stores management system, an ERIKS online catalogue called ERIKS Easy Order System. All stores items that were logged were loaded onto the Easy Order System and provided with a unique barcode.

Where available, the minimum and re-order quantities provided by the customer were applied. Where no minimum and re-order quantities were provided, a minimum of 1 and re-order of 1 were applied by ERIKS. This provides the customer with the capability to run stock replenishment reports based on the applied values. In time the Easy Order System will provide the reporting tools for the customer to fully understand their spares usage and apply the correct minimum and re-order quantities to manage their stock easily and efficiently.



The local branch provided support in pricing some of the spares identified and prices held within the Easy

Order System were applied to the remainder. This provided the customer with an approximate stock value for the first time ever and a benchmark from which to manage their inventory ongoing. first time ever and a benchmark from which to manage their inventory ongoing.

All users were set up on the system and training was provided on site by ERIKS on using the barcode scanner. Technical support will be provided ongoing via the local ERIKS distribution branch and the IT department at Head Office, to make sure the system keeps on delivering for the customer and they make the most out of it.

Rationalisation of the supplier base

ERIKS focused on designing a bespoke MRO contract which included the aligning of Core Competence activities to the plant needs and resolutions for their future requirements on spares and management. The comprehensive mix of being able to offer vending and free issue small parts supply, with Easy Order System ordering and stores management, plus the mapping, reorganisation and manufacture of a dedicated stores solution, made ERIKS stand out to the customer.

ERIKS put forward the proposal to the MRO Category Manager looking at the rationalisation of the supplier base. On the supply of goods and services, the proposal included both OEM and MRO requirements. For application needs, the proposal detailed high level support on driving continuous improvement through the ERIKS Know How concept and in-house engineering support, across each core activity. The end goal for

ERIKS was to reduce the Total Cost of Ownership and increase the plant and process efficiency.

The three year agreement will demonstrate that ERIKS can add value to the customer's business across a range of platforms. But the customer does have the flexibility to procure from selected suppliers should they wish to in the event that ERIKS cannot add any value to the process.

The MRO contract is a 24/7 agreement and is based on not only core supply but on continuous improvement. Representatives from ERIKS Core Competence Centres and key distributor suppliers will be making regular visits to site, providing knowledge and Know How to overcome the issues that the engineering and maintenance teams have on site, through continued support.

The Customer's Testimony

"I was very pleased with the way in which the project was managed and delivered by your team. All of the ERIKS employees who contributed to the delivery of our project, acted in a professional and courteous manner at all times."

Health, Safety & Facilities Manager

MORE INFORMATION

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