

SMALL ITEMS, BIG SAVINGS

Indirect materials, such as tools, PPE and consumables, can be a small but costly part of the manufacturing process. Mark Peers, Head of Value Added Services at Buck & Hickman, demonstrates how the next generation of industrial vending machines is helping to drive significant costs out of some of the UK's biggest manufacturers.

UK manufacturers have spent much of the last year taking big costs, such as headcount, out of their manufacturing processes in order to remain competitive, but increasingly attention is turning to smaller, indirect materials.

Indirect materials include everything from gloves through to cutting tools, carbide drill bits, masks, tape, electrical equipment and small tooling. They are normally relatively low unit cost items which can collectively make up a sizeable chunk of the manufacturing budget. For example, it is not uncommon for a major manufacturer to spend upward of £100,000 per year on cutting tools.

The key to controlling these costs lies with the five 'W's. What was used? Who used it? When was the material used? Where on the factory floor was it used and finally, why was it used? In order to answer these questions, close monitoring of the use of indirect materials is required.

Monitoring is often easier said than done, but the answer may lie with a new generation of vendor managed inventory (VMI) solutions – vending machines, situated close to the production line, which use bespoke inventory management software to control and monitor the use of indirect materials.

The software, situated in the vending machine, which is then connected to the internet, offers reports on what has been vended in last day or week and even has the ability to compare the performance and spend of different departments and individuals. Management information can be broken down by cost centre, employee or job number and reports on usage, budget control, stock utilisation and service are available. In effect a complete audit trail for all indirect materials used.

The major benefit is increased stock efficiency, due to a reduction in consumption once employees know they are being monitored. Manufacturers can expect to find consumption reduced by between 10 and 30 per cent, but circa 40 per cent is not unknown.

This is mainly due to the fact that monitoring of indirect materials stops squirreling (the taking of 4 or more cutting tools when an individual only needs one) and stock being held in employee lockers from where it is only available to them.

However, stock efficiency is not the only benefit. A vendor managed inventory (VMI) vending solution can eliminate production downtime due to employees being unable to work because key equipment is not available (the 'stockout') as product availability is 24 hours a day, 365 days a year. Furthermore, the ability to locate vending machines close to the production line eliminates the potential for an employee to take an inordinately long time to go back and forth to the general stores, more often known as 'walk and wait time.'

The proof however ultimately lies with the cold hard facts of how much cost has been taken out of the production process. My own experience includes the installation of two point-of-use vending machines at a Midlands manufacturer which reduced consumption by 21 per cent and a trial machine at an aerospace manufacturing business which has already reduced consumption of paint brushes, tapes and gloves by 47 per cent. Once this was deployed live with the full product range, the figure stabilised at a 41% consumption saving.

In recent years the cost of a line-side VMI solution has dropped considerably. It is now possible for a production manager or production department to put in place line-side machines for as little as £5 per day, which offers a very speedy return on investment.

For further information log on to www.buckandhickman.com or call 08450 510150 for further information. Buck & Hickman is part of The BSS Group plc, a market leading distributor to specialist trades.

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For further information please contact Rose Kilby or Tom Leatherbarrow at Willoughby PR on 0121 456 3004 or email toml@willoughby-pr.co.uk

Notes to Editors:

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