

# Optimizing Maintenance Spares and Materials Management

*"It's an issue of too much inventory and not enough inventory. Both Maintenance and Accounting can be satisfied with a simple and disciplined solution."*

How is it that Management and Accounting are always labeling spares inventories as dead stock while Operations and Maintenance blame lack of spares for extended equipment downtime? Is this an issue of too much or too little? We believe the answer is both.

**Figure 1 – Spares Inventory Coverage**

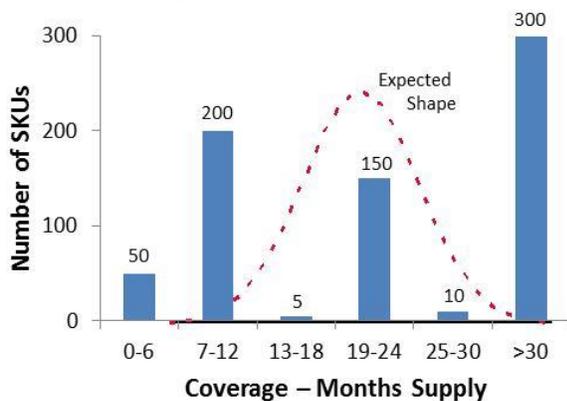


Figure 1 is typical -- too much inventory of some parts and not enough of those critical items needed for equipment repair.

Why the problem? Accounting and management practices assume inventories act like a those in a supermarket. Materials should turnover in days or months, not years. For example, if you have a truck, you need a battery in about 5 years when it fails. Common practice when buying major equipment is to buy spares also. So the battery sits in inventory for 3, 4, or 5 years before it is needed. By that time, Accounting has called it dead stock and hired someone

to dispose of it. Yet, Maintenance is clamoring to keep it.

Maintenance also contributes to the problem. Rather than buying one battery, they order several, just-in-case. Hence, Maintenance over invests in slow moving inventory and Accounting tightens controls on all inventory. This impacts fast moving items first.

The solution is simple but requires discipline:

- **Segment** the spares inventory by usage pattern and apply appropriate inventory and reorder rules.
- Establish a disciplined **New Item** stocking process. Don't initially over buy. Be sure to capture detailed specifications to aid in reordering
- Develop and maintain a robust **equipment and item master**
- Speed the **procurement** process. Often, Maintenance orders extra quantities since Purchasing is slow in meeting requirements. Insufficient spares puts high dollar investments at risk – speed the process by streamlining the controls.

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