

Knowing when to contract services can mean the difference between optimization and failure

Begin with an MRO strategy that meets the plant's unique needs.

By Mike Bacidore, chief editor

Every organization should establish an **MRO solution strategy** that supports its unique business needs. “The first step is to establish a baseline for improvement,” offers Rob Bennett, global product manager, asset management, [Rockwell Automation \(www.rockwellautomation.com\)](http://www.rockwellautomation.com). “Once a site has evaluated its need and set goals, it can begin to design a strategic **asset management strategy** and determine the best mix of in-house versus **contracted services**.”

Bennett lists a few activities organizations often choose to contract to a **vendor** because they tend to drive significant value for organizations, including storeroom management, inventory management, and preventive maintenance.

“On-site specialists can be contracted to develop standard, sustainable processes that optimize **storeroom operations**,” says Bennett. “**Inventory reduction** is a popular productivity target because it frees up working capital. Partners in this space can help clients determine the best methods for reduction without impacting plant performance. It’s about creating a sustainable process to manage the parts. Sites often chose to use vendor specialists because they have the resources to develop and sustain a PM program through scheduled service visits, fully warranted replacement parts and 24/7 remote troubleshooting.”

Due to the interactions between MRO and the internal customers and the interconnections within cross functional processes, the best arrangement for MRO is fulfilled utilizing **internal personnel**, explains Sandy Cater, discipline lead, supply chain, [GPAllied \(www.alliedreliabilitygroup.com\)](http://www.alliedreliabilitygroup.com). However, financial gains can be provided from three contracting options for MRO services: third-party logistics, purchasing service companies, and accounts payable services.

“**Third-party logistics**, in this case, has all storeroom personnel and supervision contracted for managing and controlling on-site materials,” says Cater. “**Purchasing service** would be an outside service, in most cases, that source best value supply based on ongoing requests presented by the company. These could be approved requisitions, approved purchase orders, or one-off requests for sourcing a particular commodity from a single source. **Accounts payable services** are generally an outside service that transacts all invoices for payment based on purchase order, packing slip, and invoice matching. The receiving area of the sites is responsible for ensuring that the packing slip is matched accurately with the purchase order. Credits from suppliers may also be handled by this service.”

Forrás: <http://www.plantservices.com/articles/2013/04-tactics-practices-mro-strategy.html>

Az **AZIMA DLI** hivatalos magyarországi képviselőjét a **Delta-3N Kft.** látja el.

Delta-3N Kft. 7030 Paks, Jedlik Á. u. 2. Tel.: +36-75-510115 Fax: +36-75-510114 www.delta3n.hu

MRO services and technology are all but useless in their own right, explains Burt Hurlock, CEO of [Azima DLI \(www.azimadli.com\)](http://www.azimadli.com). “The value they offer is in how the customer leverages the delivered information and action items,” he offers. “The most discouraging experience we have as an outsourced provider of **PdM services** is the failure to act on advice with the potential to mitigate, if not eliminate, catastrophic **failures** and unplanned **downtime**. AzimaDLI’s expertise is quite specific to vibration analysis, which for predictive diagnostic applications, leaves very little to the imagination. The results are dispositive, very rarely inconclusive, especially in the hands of our experts. This is what our customers pay for, and we’re always surprised when the information is poorly put to use. Sometimes we feel like the cardiologist who gets called a quack for recommending quadruple bypass, only to be charged with malpractice when the patient dies biting into a double cheeseburger.”



Mike Bacidore has been an integral part of the Putman Media editorial team since 2007, when he was managing editor of Control Design magazine. Previously, he was editorial director at Hughes Communications and a portfolio manager of the human resources and labor law areas at Wolters Kluwer. Bacidore holds a BA from the University of Illinois and an MBA from Lake Forest Graduate School of Management. He is an award-winning columnist, earning a Gold Regional Award and a Silver National Award from the American Society of Business Publication Editors. He may be reached at 630-467-1300 ext. 444 or mbacidore@putman.net or check out his [Google+ profile](#).

Undoubtedly, Hurlock’s group isn’t alone in the landscape of PdM service suppliers. “We all live for the saves, for reducing **risk** and **cost** and **optimizing production operations**, so it’s hard to watch actionable information and recommendations go to waste,” he says. “The solution is to escalate the information to enterprise-level management that understands the cost of missed opportunities at very large scale. The cost of ignoring mechanical fault detection may seem inconsequential to a site-level contract maintenance worker who has come to accept occasional unplanned downtime, but to a manager with responsibility for developing and implementing broad-based competitive advantages, the information can be much more valuable. MRO services and technology have been around for decades, and their value remains largely untapped because MRO has rarely been synonymous with strategic.”

That is changing as the CEO and CFO of large enterprises understand that best practices, conceived deep inside the plant, have the potential to move the **efficiency** frontier of the entire enterprise if they can be systematically adopted, explains Hurlock.

“Our consulting managers look at the total cost of MRO including process, inventory, supplier and product utilization, and how technology influences these factors,” says Sean Foran, senior segment manager at [Grainger \(www.grainger.com\)](http://www.grainger.com). “Activities in a traditional consulting engagement include process mapping, site tours, inventory and spend analysis, an evaluation of customer systems such as purchasing, financial, CMMS, and e-procurement.”

Managing 100% of a customer's MRO includes everything that would be covered by an existing maintenance organization from the maintenance manager on down, including

Forrás: <http://www.plantservices.com/articles/2013/04-tactics-practices-mro-strategy.html>

Az **AZIMA DLI** hivatalos magyarországi képviselőjét a **Delta-3N Kft.** látja el.

Delta-3N Kft. 7030 Paks, Jedlik Á. u. 2. Tel.: +36-75-510115 Fax: +36-75-510114 www.delta3n.hu

supply chain management, says Mark J. Cundiff, global sales manager, chemical & petrochemical for [ABB Full Service \(www.abb.us/service\)](http://www.abb.us/service). “We work with customers to improve a manufacturing plant’s production output by increasing the customer’s reliability through a focused approach at improving their maintenance and reliability operations,” he explains. “Our value proposition is normally positioned around how much we improve a customer's overall equipment effectiveness.”

To learn more about contracted services, read Mike Bacidore's blog, [Should contractors have access to CMMS?](#)