



AdamsonPVFSupply

BY JOAN ADAMS

The Lean Approach For The PVF Supply House

What is "Lean?"

Simply put, Lean eliminates wasted energy and improves the flow of materials and information throughout a company. The goal is to stop wasting time and money on activities that add no value to you or your customers.

PVF supply houses are perfect candidates for Lean. Lean will help you lower inventory, reduce errors, cut transportation costs, improve productivity and grow profits. Ask yourself the following questions to see if time, money and effort are being wasted at your company:

- Are you ordering too much stock?
- Are you carrying too much inventory?
- Are you experiencing stock outs?
- Do you have vendor quality problems?
- Are you seeing high customer returns?
- Are customer invoices a source of errors?
- Are you missing on-time deliveries?
- Are your people and trucks idle too much of the day?

Did we hear a lot of yeses? Then let's get started. We will show you some simple but powerful steps to get your PVF supply house started on Lean.

DEVELOP STANDARDIZED, WRITTEN PROCEDURES.

There should be only one way to procure material, one way to write up a quote, one way to turn a quote into an order, one way to load the truck. Write them down, train the employees on them and — most important — ensure compliance by following-up.

Let's take a look at your drivers. If you have five drivers, we bet you have at least five different procedures. There should only be one, i.e.:

- Before leaving the warehouse, the driver verifies all materials for delivery are loaded and packing slips are in order.
- Create a driver log. Every day the driver documents his mileage, drive time and destination for each delivery.
- Before returning to the warehouse,

Here's how to simplify and focus your business.

the driver fills the truck up with gas and attaches receipt to the driver log.

- The result: Your people will have standardized procedures. They will not make it up as they go. They will be more efficient and less error prone.

- Driver procedures will stop most delivery errors, saving you time and money. Better to catch that incomplete order at the warehouse, instead of at the customer's loading dock.

- Driver logs will show driver activity — you will see improved productivity immediately. People always perform better when they know they are being watched and measured.

- And your trucks will always be tanked up and ready to go at the warehouse.

ELIMINATE STEPS THAT DON'T ADD VALUE.

Bad data and bad information are huge sources of business waste. Take your top inside sales guy. During the day, he goes to the warehouse again and again, to check if a part is in stock, because he has zero confidence in the inventory report. Every time he puts a customer on hold and goes looking for a part, that's classic non-value-added waste.

For the PVF warehouse, you can't even start thinking about Lean until you have an accurate inventory count. So do it. And while you're counting, get rid of all the obsolete, damaged, non-moving inventory. It's hard to know what you have in your warehouse when it is jam-packed with this stuff. Worse — some obsolete valve might accidentally get picked and packed some day — and you don't want that.

Develop inventory procedures based on turns. Start getting rid of material with no turns in three years, then no turns for two years, and get it down to six months. Now arrange your warehouse into three categories of material. "A" parts are your fast-moving items. They should be located close to the staging area, near the trucks. "B" parts are moderate movers, and don't need to be as close; and "C" parts, the slow movers, should be stocked out of the way.

The result: Suddenly, you will notice fewer people running around the warehouse looking for things. Most material that people need will be right where they need it, by the staging area. Your inside sales guy is now doing what he's supposed to do — selling, not looking for parts 10 times a day.

INSPECT INCOMING MATERIALS AND PAPERWORK IMMEDIATELY.

Inspect all incoming materials for damage, the proper quantity and the right documentation. The goal is to eliminate all inbound errors. While this can't be done overnight, you can catch errors quickly — before they create more. Get your receiving guys to inspect, count and verify paperwork for every delivery. When something is wrong, straighten it out right then and there. Track vendor performance and make certain that the purchasing department knows what happened.

The result: You will build vendor histories. You will see which vendors get it right every time — and which vendors are causing you problems. The errors get stopped right at your loading dock. Bad product doesn't get stocked; incorrect counts don't find their way into your inventory records; invoicing errors get resolved quickly.

REDUCE TOTAL NUMBER OF PARTS IN INVENTORY.

Your PVF supply house cannot supply everything to everybody. In the supply

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houses we work with, typically 20% of their products make up 80% of sales. Which means all the rest of your inventory only represents 20% of revenue! All wholesalers need to take a brutal look at their inventory. It is expensive to keep and never gets better with age. Eliminate those slow movers or charge a premium on items that don't turn every six months.

The result: You will see improved margins in a matter of months. Your sales guys can focus on those products that make up the bulk of your sales. Your warehouse and database are not clogged up with slow-moving items.

REDUCE TOTAL NUMBER OF VENDORS.

Lots of vendors complicate your life. More companies to negotiate with, more paperwork, more deliveries, more stock in the warehouse. Look at vendors who sell you that top 20% of products. Get close to

them; they represent 80% of your business.

The result: Larger order quantities lead to better pricing. The number of deliveries received goes down. You will be first to be serviced when materials become scarce. You will reduce your back-office paper work.

FOCUS ON BOTTLENECKS.

Bottlenecks cause enormous waste. Nothing should make you madder than seeing a bunch of your warehouse guys, drivers or salespeople standing around waiting for something—a delivery, a truck to return, a manager to “okay” something. Schedule fixed truck routes, organize the staging area into a continuous workflow. Empower your employees. No one should have to wait for someone else's approval in order to get to work.

The result: You will find overtime cut drastically. People will get more done in less time.

LEAN = CUTTING COSTS, INCREASING PROFITS.

Lean is all about simplifying and focusing your business. Cut your costs, free up and focus your resources to grow your company. So put down the magazine and get started! <<

Joan S. Adams has consulted for industrial clients for more than 15 years. She headed DITT, the consultancy arm of the French National Utility, Electricité de France, and was a managing consultant at A.T. Kearney. Later, she started Pierian, a consultancy that brings sustained and measurable success through operational excellence, customer focus, and competitive market strategy. Joan Adams speaks French and Spanish. She has worked on projects in Europe, Central America, Africa, Asia and North America. She has engineering degrees from the University of Wisconsin-Madison and MIT. She also has an MBA from the Wharton School. You can contact her at adams@pierian.net.