

Why FM and manufacturers need supply chain automation

3 years ago



Insight from Andrew Johnson, CEO and founder of [ShelfAware](#)

During this period of global supply chain turbulence, procurement professionals (including FMs) are struggling to keep all of the important components that are essential for plant maintenance on the shelf. Without these parts, factories are flirting with costly downtime.

Finding a supply chain solution that provides a win for the supplier and the consumer — especially in today's uncertain industrial landscape — is on the minds of FMs and their manufacturing production counterparts.

Inventory management issues create serious challenges. The solution requires implementing an affordable, automated supply chain platform that provides accurate and granular consumption data, a magical user interface, and collaboration among manufacturers, suppliers, and consumers.

It's understandable that digital transformation can seem daunting, but almost all change management is incremental. A sophisticated digital vendor managed inventory (VMI) platform is a practical enough solution that it can be applied to existing companies, existing supply chains, and existing infrastructure without massive upgrades.

The transformative power is made possible by taking that first step into automation—establishing the underpinning granular, fine consumption data. Once the foundation is set, companies can build on it incrementally and at their own pace over the course of months and years.

When looking to implement a digital VMI solution, it's important to keep practicality and flexibility in mind.

Features like traceability and collaboration among suppliers should be considered when making the switch from traditional inventory management to something that is automated.

It's no secret that the manufacturing industry needs better supply chain traceability, beginning with the product provider and continuing all the way to the point of installation. Automation improves the challenge by providing traceability throughout all the supply chain partners, particularly when they are all on the same platform.

The enormous volume of reporting and heavy paper trail required for proper maintenance and expense records becomes cumbersome, labor intensive, and prone to costly human errors. A digital VMI system solves those problems by handing off the data digitally when the product is pulled from the inventory.

When the part is physically removed from the shelf it is tied to the digital paper trail and targeted to be deposited into the manufacturer's quality control or compliance digital file tree so that it can be easily and accurately referenced for future plant maintenance requirements.

Many FMs are in charge of maintaining uptime at remote worksites. These sites often have minimal infrastructure and are located 300 to 500 miles away from the closest supplier. The remote aspect of these facilities affects sustainability, fuel efficiency, fuel prices, and labor prices. It makes managing that remotely-deployed inventory extremely expensive and time consuming.

The traditional model of VMI relies on supplier branches being located closer to service areas. In many of these scenarios, this is simply not possible. With an internet-based technology, the data about what's being consumed at the remote facility are virtually transmitted with real-time visibility. Additionally, this inventory data can be consolidated across multiple facilities for a central manager.

The downtime repercussions of critical component stockouts can cost hundreds of thousands of dollars per day. Real-time usage inventory helps to forecast future demand.

Implementing a robust, digitized inventory management platform is often complex, but it doesn't have to be slow. It generally begins with a group conversation involving a mix of finance, operations, and IT professionals. A site audit (often multiple sites) is usually required before a proposal can be made.

Final proposals typically involve a formal stocking agreement, installation fee, and a product pricing quote. Onboarding consumers varies widely, but the minimum time required to convert a supply chain in most markets is about three months.

Three key takeaways

1. Think small for big innovation. Tackling a series of small innovation projects can yield big results.
2. Look to collaborate with your key suppliers to achieve efficiencies and guard against supply chain disruptions.
3. Ideally, your transition to digital includes a magical user experience (such as RFID) to boost adoption of the new technology. Try using smart phone apps, when possible, to complement the magic of RFID technology.