

# EFFECTIVE SPARE PARTS COST REDUCTION COST THROUGH OPTIMIZED SPARES INVENTORY

Learn From the best

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# Introduction

Spare parts management is a critical key functions in physical asset management. The availability of spare parts for maintenance and repairs is crucial for the uptime and effectiveness of assets, but high spare parts availability comes at a cost. The challenge is to effectively balance spare parts availability, working capital and operational costs

Spare parts inventories can soon add up to tens of thousands of various items in a value of hundreds of millions of dollars. It is obvious that efficient spare parts inventory management can bring significant economies in operational costs.

The unavailability of the right parts may have a serious, negative impact on equipment availability, due to increased downtime, and on resource efficiency, due to schedule

## Learning Points

- Why we waste money purchasing the wrong spares
  - Our inventory costs are extremely high, and we have no way of understanding how to rationalize them
  - We have no visibility on what we hold vs what we need to stock
  - We do not have the time or resources available to build accurate BoMs
  - Outdated spares are being held for equipment that has been modified, upgraded, or disposed of
  - We waste time and money sourcing the correct parts due to free text requests being made in the CMMS
  - We can't source the spares we need due to obsolescence
  - We have no visibility on the make, model and manufacturer information
  - Spare parts are not being preserved correctly, inducing premature failure post installation
  - We lose sight of the location of spares
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# Course Outline

## Module 1

### Introduction to Spare Parts Management

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- 1.What is SPM?
- 2.Why manage spare parts
- 3.What is a spare parts?
- 4.When a spare part is required
- 5.Maintenance strategy?
- 6.Life Cycle Cost, Meaning, Importance and Analysis
- 7.Team Exercise Cause and Effect Diagram

## Module 2

### Managing Inventory-Related Costs

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- 1.What Is an Asset?
- 2.Fixed Assets vs. Current Assets
- 3.Expenditure
- 4.Operating Expenditure
- 5.Capital Expenditures
- 6.What Is a Fixed Cost?
- 7.What Is a Variable Cost?
- 8.Ordering Cost
- 9.Holding Cost
- 10.Economic Order Quantity (EOQ)
- 11.Re -order point

## Module 3

### Manage Warehouse/General Store Inventory

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- 1.Optimize Your Spare Parts Inventory Control System
  - 2.FSN analysis
  - 3.Pareto Principle
  - 4.ABC analysis
  - 5.VED analysis
  - 6.SDE analysis
  - 7.HML analysis
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## Module 4

### **Best practices in Spare Part Organization**

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1. Systematically identify all parts
2. Utilize and Manage the Bill of Materials (BOM)
3. Centralize and consolidate parts
4. Utilize an Inventory control system
5. Centralize and consolidate parts
6. Define a stock location for every part
7. Perform Audit Regularly
8. Conducting the Audit
9. Conformance to the audits
10. Managing Spare part Effectively

## Module 5

### **Establishing Spare Parts Criticalities**

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1. What is spare parts criticality
2. How to set spare parts criticality
3. Establishing visual set up
4. Insurance policy
5. Cost Effect Compromise
6. Implement cycle counting for inventory control
7. Measure Parts Effectiveness
8. Improve Parts Life
9. Eliminate Obsolete parts, Obsolescence and Disposal

## Module 6

### **Inventory Management Organization**

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- 1. Introduction to Inventory Management
  - 2. Roles and Responsibilities
  - 3. Team Composition
  - 4. Task Sharing
  - 5. Creating a Reliability Culture
  - 6. Create S.M.A.R.T. goals
  - 7. Identify main cost and down-time driver
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## Module 7

### **Module 7: Develop A Spare Part Program**

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1. CMMS work in managing work orders
2. What is a work order?
3. Work Order Management Software
4. Implementing Repair
  - Repair To Reuse
  - Set Up a Repair Program
  - Out Source Repair
5. Invest in Inventory Management Software

## About Elite Indigo

Elite Indigo Consulting provides corporate training to the semiconductor and manufacturing industries. With a humble beginning of one founding member with passion and desire to share his 20 years of experiences in Smart Manufacturing for global manufacturing facilities, now, we have a strong and competent team of 20 members, all aligned with company mission, vision and core values.

## Our Mission

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*"Transform Data into Insights - Leap Forward"*

## Our Vision

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*Be a Global Trusted Advisor in the Areas of Skills Development, Consultancy & Software Solutions specialising in Semiconductor & Manufacturing industries.*

## Our Core Values

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