

April 2008

Article appeared in Food & Beverage International Sourcing Spare Parts feature

The whole life cost of spare parts and equipment is as critical as the upfront price of the individual component, according to Brammer, a leading distributor of maintenance, repair and overhaul (MRO) products in Europe

The sourcing of spare parts in today's competitive food and beverage manufacturing environment is an increasingly critical element of a company's total strategy affecting cost savings, efficiency, safety, and growth. A successful procurement strategy and rigorous implementation can make a significant difference to the bottom line of any company.

Buying through authorised distributors, such as Brammer, brings a guarantee of quality assurance, consistent part numbering, instant confirmation of availability, total product traceability, and full manufacturer's warranty. Each of these elements is critical to successful spare parts management and is as critical as the initial cost of the component.

Yet, pressure is increasing on purchasing departments to improve production by reducing downtime at the same time as reducing maintenance costs. This relentless drive to stay competitive tempts some companies into decisions based on unit price rather than total cost and performance; and ultimately to choose unauthorised distributors that have lower overheads and seemingly lower costs. However, any decision to choose an unauthorised distributor can potentially compromise machine performance and safety.



Products from an unauthorised source are often not to the latest specification, may have been incorrectly stored and handled, and a lack of industry specific expertise can result in an incorrect fault diagnosis being made. It could also mean bearings, for example, that are counterfeit, which is a growing global menace, according to Brammer's findings.

The most immediate risk is that counterfeit parts can fail - potentially causing severe damage to machinery, and resulting in costly downtime, lost production, delivery delays and expensive repairs. Health and safety can also be catastrophically compromised for those using the machinery. Recent discoveries in Europe have highlighted the growing nature of this problem with over 3,500 industrial accidents per year due to poor quality fake products.

And it goes without saying that anyone who has bought counterfeit products can expect no redress from the manufacturers for any costs, liability or claims.

"It's pretty clear that any food and beverage company that cares at all about quality, brand reputation and social responsibility ought only to buy genuine and fully branded products," said Ian Ritchie, Brammer's managing director, who points out that management needs to understand the importance and relevance of the total acquisition cost, rather than just the unit cost of components.

In the UK, for example, industrial electric motors and drives account for over two thirds of power used in industry. Yet many motors are unnecessarily oversized for the machines they power. The annual energy cost of running a motor can be up to ten times its purchase cost. A 10kW motor operating at 87% efficiency could cost £1,500 more over its lifetime than one that is just 5% more efficient. And, fitting the correct drives can save as much as 50% in energy.



Clearly, specifying parts that will do the job more efficiently in the long-term, can save money and pay big dividends. In particular, cost-efficient energy management is a real opportunity for manufacturers, which can be supported by a company purchasing policy. Yet Brammer's recent survey of several hundred UK manufacturing companies revealed that only 50% have a formal energy management policy and action plan in place. A further 30% admitted to taking 'opportunistic' steps to improve their energy efficiency and reduce their carbon emissions, whilst the remaining 20% take no action of any kind.

"Best practice in this area suggests that to deliver the maximum benefit, time needs to be taken to identify the specific areas of the business where the biggest improvements and potential cost savings are achievable, rather than focus on changing just one or two individual components," said Mr Ritchie. "Our challenge in all of these areas is to identify ways that can help our customers improve their production output and efficiency, whilst reducing costs."

Supplier reduction can also impact positively on costs and help in streamlining business processes, consolidating expenditure, and eliminating many of the duplicated costs associated with multiple suppliers of the same products and services. Suppliers that can reliably provide a comprehensive range of components and services will therefore offer an attractive opportunity for manufacturers seeking to rationalise a supply base to bring economies of scale and consistency of service.

Last year, Brammer delivered over £21 million in operational cost savings to UK industry alone through innovation and added-value solutions - including energy savings, increased production efficiencies and improved maintenance management.



The company's range includes bearings, mechanical power transmission products (including gearboxes and motors), pneumatics, hydraulics, seals, industrial automation as well as a complete range of tools, maintenance and health and safety products. The company is an authorised distributor for many of the world's leading brands including SKF, NSK, Renold, Gates, Flender, Siemens, SMC, Norgren, Rocol, Festo, Loctite and Schaeffler.

The company has also recently opened its innovative Centre of Excellence showcasing the product range of many key industry suppliers. The centre demonstrates the systems and components in use in a range of applications and demonstrates the potential energy consumption ratings and performance data of the products to dynamic effect.

Brammer, UK 0870 240 2100

Ends

