

6 ways to save up to 70 % on your C-parts management costs

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Acquiring buying C-parts – even small consumer articles – is often a very costly business. This leads to high process costs in relation to the purchase costs. Here are 6 easy ways you can reach up to 70 % cost savings on your C-parts management.

Production industries, including craft and industrial companies, are still among the most important sectors of the world-wide economy. Even though these types of companies are particularly important, they are often lacking in capacity to make delivery processes leaner and more cost-effective.

The management of C-parts is a special challenge. Many parts ask for a complex and demanding management. The parts burden various positions in the operation considerably. Many orders bother purchasing unnecessarily and swamp employees at the dock and in logistics with routine activities. Efficient C-parts management leads to a significant reduction of costs within your company.

The optimization of the supply chain can have a major impact on the competitiveness of an SME (Small- and medium-sized enterprise):

Everyone in the manufacturing industry knows the ABC-Analysis and the resulting C-parts, which have a low production value and are not the most important part of the production process. However, without C-parts the company would not be able to function. For example, screws and nuts are basically used everywhere in a factory. The administrative costs are so high that they cause unreasonable costs. Therefore, we want to introduce to you smart and efficient C-parts management in this eBook.

There is no doubt that C-parts management has a lot of potential for cost savings. It is time to find out 6 easy ways you can reach up to 70 % cost savings on your C-parts management:



1. Early Detection Examination

First, you need to ensure to meet the highest level of quality on your C-parts. Why?

LET'S MAKE A COMPARISON:

If a screw connection fails at home, it would only be an annoyance. However, if something similar happens in a nuclear power station, it can turn into a catastrophe and would then lead to a complete shutdown of your power station.

This sort of crisis already happened in the car industry. For example, in 2014, BMW had to re-call half a million cars – only because of one single damaged screw. The affected car models had a screw that could easily break which would then lead to a total damage of the car engine.

For this reason, an analysis of the screw connections is so immensely important. It is highly recommended to go to accredited [test laboratories](#) to conduct vibration, torque and bias tests to guarantee the highest level of quality and to avoid such crises as mentioned earlier. [Bossard](#), for example can check the behavior of such fastening elements to ensure reliable quality assurance and flawless production quality of your ordered C-parts.

According to experts from the fastening technology industry, it is important not just to look at the unit cost of a fastening element. A good purchase always

means to question related issues on the quality and the ability of the C-part manufacturer – to continuously produce high-quality C-parts.

In short – it is important to do examinations on your C-parts before they are even applied in your company!



2. Outsourcing of C-parts management

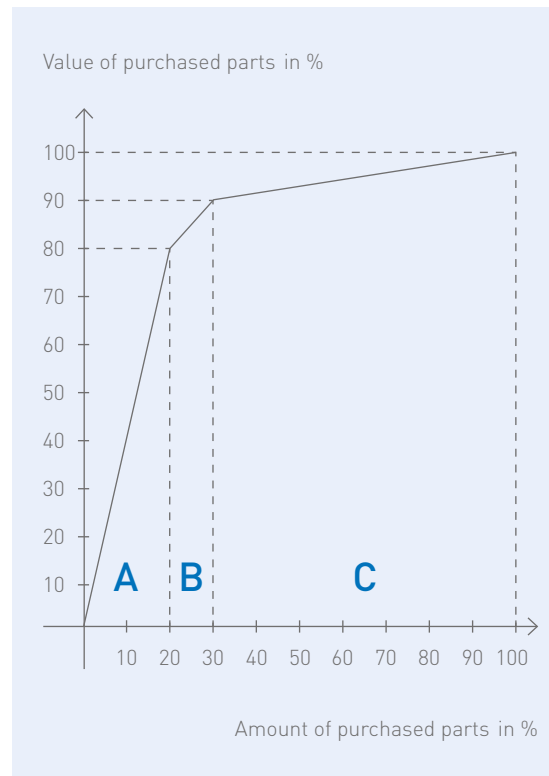
Today, many companies with significant distribution operations are finding attractive opportunities for cost savings through distribution network consolidation. Anyone that considers consolidating a company's distribution operations knows it is not a small undertaking. Consolidation affects everyone: customers, operators and supply chain partners. They all are impacted by a decision to combine geographic locations or even different divisions of the same operation. Holding inventory ties up a lot of cash. That is why good inventory management is crucial for growing a company.

Therefore, your factory needs to make sure not to have too much stocked materials, as it is expensive and takes a lot of space.

Every product has various costs associated to it like holding costs, carrying costs and the aim of the inventory planner is to reduce these costs by not running low on stock. To help planners minimize these costs while optimizing their inventory, it is recommended to start an ABC- Analysis.

The ABC-Analysis is an inventory categorization technique which can be used for operating and auxiliary materials as well as for customers and suppliers.

- The proportion of A-parts in the total value is about 60 - 80 %, and its share in the total quantity is being reduced (15 - 25 %).
- For the B-parts, a proportion of the total value of 10 - 25 % is used, with a proportion of 30 - 40 %.
- The C-parts, in the end, are only worth 5 - 15 %, but their amount is as high as 40 - 70 % of the total quantity. The percentages are to be understood as guideline values and can vary individually. Graphically, the distribution is as follows:



As can be seen from the graph, the quantities of C-parts to be procured are the largest, although it has the lowest value. In the case of the C-parts, the administrative burden is at least as great as for the important A- and B-parts. But what is the reason for this?

ADMINISTRATIVE COSTS ARE MAINLY CAUSED BY:

- The determination of the need
- The ordering process and its control
- The goods receipt, testing and storage-/ distribution
- Checking and settling the invoice

All this is made more difficult by the variety of C-parts, which is why there are many suppliers. They are all specialized in a product group, so they must be managed at the same time, without the purchase of a large order.

With the help of an ABC-Analysis and well developed alternative strategies you can save a great amount of costs on your C-parts management.

It can be said, that the easiest solution is certainly the outsourcing – if you have no capacity for an

internal process execution, it can be quite useful to transfer the C-parts management to an external service provider.

Take an example of [Bossard's Inventory Management](#), a strategy that enables supply-based consolidation in your C-parts management including third party C-parts. Be part of a network of qualified, customer-approved suppliers guaranteeing the highest level of reliability for products and processes. This inventory management strategy will save you a lot of time, effort and at the end, you'll end up having only one bill for all your C-parts transported to your company, as Bossard is the intermediary between you and all your C-parts suppliers.

You can also give away a part of the entire process to an external provider. However, a reorganization of some processes is still necessary for the new system to work smoothly. All participants must be involved and trained from the very start.

The result: By doing less intermediate steps, the process costs are reduced and at the same time capacities for more important tasks are released.



3. Avoid Over-Production

Producing more goods than can be sold is a typical challenge for factories and lead to over-production waste. This waste is one of the worst wastes of [lean manufacturing](#) as it obscures all the other problems within your processes. Over-produced goods are often hidden wastes since many think they are assets with value, when in fact most of them may be obsolete or costing the factory unnecessary expenses just to keep them until they can be sold, if ever.

ACCORDING TO LOGISTICS RESEARCHERS AND EXPERTS, – THERE ARE 5 THINGS THAT CAUSE OVER-PRODUCTION:

1. Unreliable processes
2. Large batch sizes
3. Unstable schedules
4. Unbalanced cells or departments
5. Working to forecast/in accurate information, not actual demand

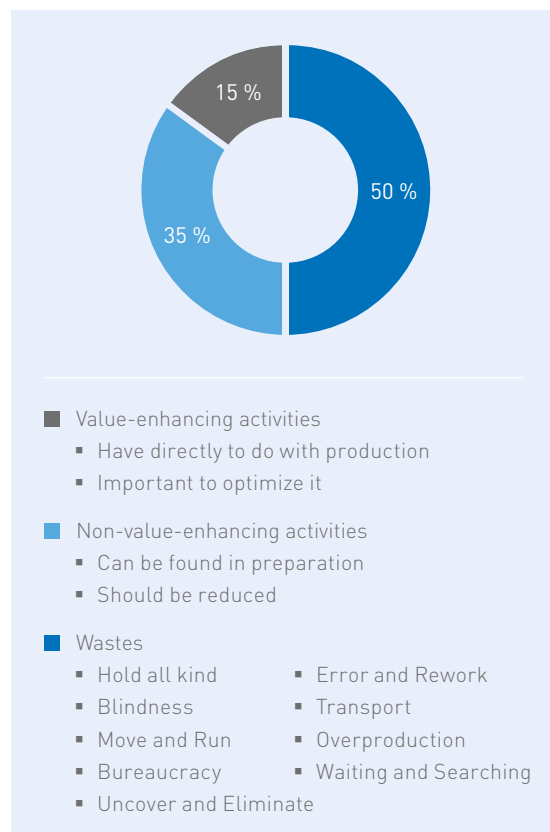
Overproduction ties up your capital in stock, raw materials, work in progress (WIP) and finished

goods. Your cash is what you rely upon to run your business, so you either leave yourself short or you end up paying charges to your bank. Many businesses have failed because they cannot buy raw materials to serve a customer because they have already put their cash into materials that are not required.

Now, how is this waste related to C-parts management? Well, keep in mind that over-production starts with the C-parts. Thanks to an efficient C-parts management you can ensure, that the needed order amount will arrive at the right time to the point-of-use. Define the exact amount that are needed for this period of time. C-parts are only being reordered, if there is a production demand.

The principles of lean manufacturing require you to make what the customer wants when they want it, pulling only what is ordered through your work flow. Just-in-time manufacturing is possible in any industry with ingenuity and improving technology.

By comprehensive and careful analysis of the production processes, Bossard can minimize such waste in the sense of a [lean production](#) to create the prerequisite for a flexible and, above all, efficient production, as can be seen below:



More information on the analysis of processes can be found in chapter 6.



4. Minimization of Movements

Ideally, the material should flow smoothly from Point A to Point B in a process, and be touched only once. That is rarely the case. More likely, the material (C-parts) is touched and moved many times before its ultimate use.

With regards to C-parts, moving them in a factory from one place to another and realizing at the final destination that you could have saved more time, effort and costs can be very frustrating.

In lean terms, this excess transportation or movement is waste that occurs when temporarily locating, filing, stocking, stacking, or moving materials (C-parts), people, tools, or information. It can negatively impact your bottom line through increased costs due to excess labor or damaged/lost product. When identifying transportation or movement waste in your supply chain, evaluate all areas for improvement opportunities, including the office, warehouse, and transportation system.

Unnecessary movement can be the result of not considering the flow of material and people as operations change over time, or not having laid out a facility correctly from the beginning.

HOW CAN THESE UNNECESSARY MOVEMENTS BE AVOIDED?

The key is to implement a highly intelligent and interactive [supply chain platform](#) in your company, providing you with full control over your material flow. You can track your orders, manage your inventory interactively and access intelligent analytics. These functions can also be done via smart devices. Furthermore, such platforms can be a great support for the milk run/water spider of your factory with the help of a [digital picking list](#) and an [optimized, digital route plan](#) to replenish material at the work cells in a path-optimized, paperless, reliable and time-saving way.

If you wish to have a [full premium service](#), Bossard is able to replenish your C-parts directly to the point of use (work cells).



5. Time Management

The pressure to be the first on market has never been greater. "Time is money" is perhaps an overworked cliché in common parlance, but in logistics management, it cuts to the heart of the matter. It is crucial to define for each single operation in your C-parts management the lead time, meaning the amount of time that must be allowed for the completion of an operation or process.

At the same time, expected delivery times have never been tighter. Delivering your C-parts daily simply means that your factory would constantly reach its resource limit. Why have unnecessary transport costs?

The same goes for [real-time consumption data](#). The concept of real-time management can help to better understand the potential of information technology for companies and to better assess investment projects.

REAL-TIME MANAGEMENT MEANS:

- Every piece of information is available immediately after its creation worldwide.
- Any activity can use all information in this world without any delay.
- The information is interlinked.

Also, this can be operated by only one highly intelligent and interactive [supply chain platform](#). Any deviation from this ideal state produces inefficiency. Thus, late knowledge of the actual retail sales leads to excess inventories among producers.

Real-time management allows you to optimize your internal structures, reduce costs and increase productivity within your company.



6. Process Analysis

We have now arrived at the most effective way to save up to 70 % on your C-parts management costs. The process analysis is an important tool to understand the workflow and to identify optimization potential.

Get professional assistance from [Bossard experts](#) who will visit your company in order to analyze your material and information flow.

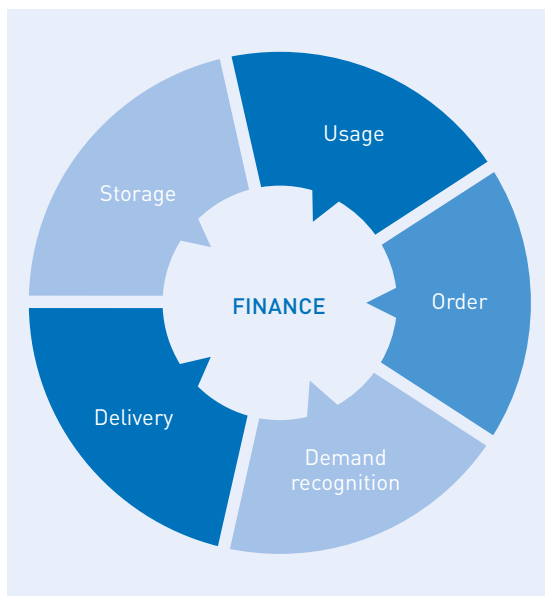
Firstly, Bossard experts will walk through the entire factory and go through your production in order to fully understand the work flow and to analyze the overall process.

The next step during this visit is to interview the relevant people in the various departments of your company such as purchasing, logistics, and planning.

Based on these insights and the experts' experience on best practice when it comes to C-parts flow, Bossard will be able to make first suggestions on how to improve the status quo and create value for your company.

The goal is to understand your needs and to work out the best suitable solution to show what potential cost savings can be achieved in your company.

PROCESS ANALYSIS – AREAS COVERED:



As you can see Bossard analyzes and supports your logistics processes by defining a solution combined with all areas covered that is tailored to your exact needs.

THE KEY OBSERVATIONS LEAD TO THE FOLLOWING QUESTIONS:

- Are there time-consuming steps within your supply chain process e.g. material flow through the various work stations?
- Can the process be better structured e.g. Last Mile replenishment of C-parts with a path-optimized digital route plan for the milk run?
- Is the process between the various departments optimal e.g. goods pick-up points?
- Is the process over-documented e.g. many booking steps (ERP-integration) and print outs?
- Can unnecessary steps be eliminated within the process flow?

WHAT DOES IT MEAN FOR BOSSARD TO TURN THE OVERALL PROCESS OF YOUR C-PARTS MANAGEMENT INTO A SIMPLIFIED PROCESS?

Some of the above illustrated areas have been discussed in the previous chapters. However, the order point process can be easily implemented with multi-Kanban systems, such as "[Smart Bins](#)".

WHAT IS BEHIND ALL THIS AND HOW CAN YOU PUT SUCH SYSTEMS INTO PRACTICE?

[SmartBin systems](#) consist of a combination of bins and specially developed weight sensors ([SmartBin Flex](#)) or eLabels ([SmartLabel](#)). These smart systems constantly check current stock levels. When the minimum stock level is reached, the predefined order quantity is shipped automatically to your company. Depending on the level of service, the parts are forwarded to your warehouse or directly to the point of use.

THE RESULT: C-PARTS ALMOST MANAGE THEMSELVES.

Thanks to these automatic intelligence systems your company can have a more direct material flow by setting up SmartBin supermarkets. The other main advantage is to have more direct information flow, as orders are triggered from the Kanban systems on the production floor. Check out the term "[Smart Factory Logistics](#)" for you to have a leaner and smarter process within your C-parts management.



YOUR BENEFITS OF A C-PARTS MANAGEMENT WITH KANBAN SYSTEMS:

- **Fast implementation:** Even with just a few available resources it is possible to introduce Smart Bins in the smallest companies.
- **Visualization:** As the inventory is always at the work cell or on an open-access shelf (supermarket) on the production floor, your employees always know how many C-parts are still physically available.
- **Responsibility on site:** Your employees are responsible for ordering replenishment. This means that no central purchases are triggered without actual demand. This avoids unnecessary orders and thus saves storage capacities and costs.
- **Less complexity:** Because the stocks are real, decentral and visually easy to detect, the processes are simple and safe. There is no confusion with unclear mountain data. With Kanban systems, you can learn and become better, faster, more efficient and more cost-effective within your supply chain!

Experience in the industry has shown that cost savings of up to 70 % can be achieved in the areas of logistics of your C-parts management. This has a lasting effect on the total cost of the end product. [Success stories](#) from Bossard's customers are the true proof of saving immense costs on your C-parts management.

Does your factory have hidden [potentials](#)? Can your factory save up to 70 % on your C-parts management costs?

Feel free to contact one of Bossard's worldwide business units located in your area:

[Bossard - Worldwide Contact](#)

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