

When Component Price Is Right

Bill Moore, Sr. Vice President, Channel Management, SKF Service Division



A challenging economy is prompting manufacturers to cut costs in ways that affect nearly every aspect of the business. It is forcing early retirements and layoffs of skilled personnel. It is prohibiting investment in new equipment. And it is putting pressure on long-held and proven sourcing practices, such as purchasing premium rotating components and technology through established supply chain venues.

In the very short term, such practices may show favorable effects on the balance sheet. But mid-range, results will take a different turn. Reflexive cost-cutting comes with a price all its own.

Those retired and laid off employees take with them knowledge that's critical for your company's profitable operation. The older equipment that is not being replaced likely demands additional maintenance. And those suppliers who are being squeezed for price reductions or even bypassed for cheaper, no-service options, such as Internet vendors and catalog houses, may decline your company's requests for essential reliability services.

This leaves producers with a daunting set of circumstances: Less in-house knowledge; older, maintenance-demanding equipment; and weakened relations with outside sources that would ordinarily address both routine and catastrophic equipment problems.

There's little that operations managers can do to retain human knowledge resources or, in most cases, facilitate the purchase of shiny new equipment. But by offering insights to upper management and the purchasing department on the value that established supply chain partners deliver, you may help maintain ready access to otherwise inaccessible maintenance, monitoring, repair, analysis and reconditioning services.

The Distributor Connection

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Authorized distributors are the classic connection between manufacturers and producers of rotating equipment technology, such as bearings, seals, lubricants and shafts, and the engineering expertise that stands behind them. Often, distributors who have developed mature relationships with their industry customers offer services that only time and a deep understanding of the producer's needs can bring into play. These may include establishing highly accurate product replenishment levels, creating the means for obtaining critical components in emergency situations, monitoring usage patterns, and putting into place written procedures for getting an operation back up and running after an emergency situation has shut them down.

Results can be dramatic. To step away from the industry for a moment, one distributor worked with its component manufacturer suppliers to quickly put a flooded Gulf Coast petrochemical operation back on line after a hurricane. The process included marshalling a massive supply of components for pumps and motors and expediting their delivery to the stricken site.

In the industry, examples abound. One worth noting: Conveyors at a chicken processing company were experiencing severe bearing challenges due to rust and grease washout. Hundreds of conventional nickel-plated iron bearing units were being replaced every few months. After evaluating the application, the bearing manufacturer's industry specialists recommended using composite bearing units with stainless steel bearing inserts, which were double sealed to prevent contamination and guard against grease loss. The new bearings are realizing over 300% greater service life, saving the process both component and labor costs.

Another example concerns a machine upgrade that enabled a wafer producer to save more than \$105,000 in higher throughput, reduced materials costs and the elimination of certain labor requirements. The problem had been frequent replenishment of high-temperature, expensive food-grade bearing lubricant for the baking company's continuous wafer oven. After evaluating the application, the rotating equipment technology supplier installed high-temperature bearings equipped with a graphite cage that resists temperatures up to 660°F (350°C) and complies with food safety regulations.

It is not always easy to assign a dollar value to such critical services, which address emergency situations, improve productivity, solve recurring equipment failures and contribute to reliability. One thing, when you need them, chances are good that the need is urgent or at least necessary for efficient plant operations. Equally certain, the dollars saved by tapping the lowest cost component supplier will nearly always be outweighed by the costs saved by expert services available through authorized distributors. Beyond that is the peace of mind that comes from knowing expert assistance is only a phone call away.

Cost vs. Value

Sourcing through authorized distributors is usually the quickest way to access the engineering resources of premium brand component manufacturers. Distributors can facilitate root cause failure analysis (RCFA) to identify the source of recurring

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component failures, arrange the installation of advanced systems for monitoring and lubricating your equipment, introduce industry experts to plant managers...and much more. Their ability to deliver such services to any particular plant, however, depends largely on the plant's continued sourcing of the manufacturer's branded products. More and more, premium brand producers of components are providing their engineering skills, knowledge, specialized tools and services only to those customers who regularly specify their branded products.

A cost-versus-value equation may well show that your plant's sourcing of the lowest cost rotating component ultimately yields a negative result. Are upper management and the purchasing department at your plant aware of your existing supply chain's overall value?

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