

Industrial Vending For The Masses



Given vending's long history, the question is: why hasn't it been more widely adopted for industrial applications? Generally speaking, it boils down to cost. There's been some great industrial vending technology out there, but the up-front capital expenses have been a tough sell for smaller or medium sized companies.

In mid-2008, Fastenal set out to knock down that hurdle with the launch of its SmartStore vending program. Through the program, Fastenal stores absorb the capital cost of the machines and provide them to customers in exchange for a chance to meet more of their product needs. Fastenal (which supplies a broad range of industrial and construction items) gets a shot at new product lines. The customer utilizes the machine(s) to reduce costs.

The base SmartStore Fast 5000 units more or less function like snack machines, except they vend industrial products—everything from safety and MRO items to cutting tools and metal fab supplies. When an employee needs product, he or she swipes an ID badge, and if the scan is accepted (based on controls pre-set by management), the transaction is tracked by the system. Employees can also be prompted to enter specific information—for example, a department and/or project code—allowing meaningful usage tracking. Because the software that runs the machines is hosted, real-time inventory and usage information is available online, and the ordering process is completely automated. When stock runs low for an item, an automated alert is sent to the local Fastenal store for replenishment, eliminating POs and stock-outs.

The machines can be found at customer sites ranging from Fortune 500 companies to small shops like Lakeshore Technologies, a Michigan-based powder micronizing company with 7 to 8 employees per shift. Like a lot of smaller companies, Lakeshore didn't have a dedicated inventory control manager, and they had a tough time keeping their stock in balance, generally opting to over-stock rather than risk

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stock-outs. So when the local Fastenal store presented the SmartStore program, they jumped at the chance to install a Fast 5000 machine along with two locker units for larger and check-in/check-out items. Not only did the machines free up cash and production space (by effectively replacing a 65-foot wall of shelving), they also opened up new visibility and control over MRO product usage.

“It essentially does the job of an inventory control manager,” said Ricardo Lopez, Lakeshore’s VP of operations. “We’ve cut inventory by at least 75 percent [roughly \$20,000 a month], and we’ve seen a huge drop in consumption, because people are accountable for what they’re using.”

Larger companies are also enjoying success with the machines. That includes Xcel Energy, a major energy utility supplier that serves more than five million natural gas and electricity customers throughout the West and Midwest. Xcel has more than 30 SmartStores in operation at four different plant locations. The units—which vend things like safety glasses and ear plugs, along with grinding discs, grease guns, and aerosols—have helped to reduce consumption of certain high-use products by 30 to 35 percent.

“The machines have performed very well,” says Xcel’s Energy Category Sourcing Manager Doug Johnson. “Anytime we have needed their assistance with service, they’ve been quick to respond.”

“It’s not about ‘Big Brother’ watching every transaction; it’s about controlling wasteful usage so that resources can be put to better use,” adds Ron Lousberg, Fastenal’s National Account Manager for Xcel Energy. “If you can reduce your consumption by 30 percent or more, you’re going to be able to improve your core business and keep more people on the job, which is what it’s all about.”

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