Epic Fails In MRO Master Data Management

Zynapse, a Zycus Division

From a spend and demand management perspective, every company's objective should be to consume the bare minimum of MRO items needed to support acceptable levels of maintenance and competitive operations. But any time there is a disconnection between a buy transaction and a consumption transaction—for example, when MRO items are placed into stockrooms that don't track consumption to individual cost centers or individuals directly—the potential emerges for invisible inventory, excessive consumption, and even theft. Consider, for example:

- The machine tool operator who secretly stockpiles cutting tool inserts in a cabinet beneath his work station because he has lost overtime work hours in the past due to stockouts during busy season.
- The accountant who likes to print all his documents in color, driving up toner costs.
- The executive assistant who hoards coffee packets, filters, and paper goods in her closet for future meetings.
- The mother of four who saves a bundle on school supplies, paper towels, and cleaning solutions by spiriting these items home in her tote bag.

Accurate enterprise-level views into MRO inventory and actual consumption are the only ways to pinpoint either excessive consumption or the likelihood of undocumented inventory. Clean, enriched, unduplicated MRO item and supplier master data that is accurately and granularly classified to the same standard taxonomies that are used for spend analysis forms the foundation required for being able to see and benchmark MRO consumption patterns in ways that enable true demand management to begin.

Master Data Reform for MRO

With such MRO scenarios playing out every day all over the world, it would seem the business case for MRO-related master data reform (MDM) is a no-brainer.

But most major MDM reform initiatives are inspired by either

- An ERP upgrade, or
- A merger or acquisition where ERP harmonization is considered necessary to achieve expected financial/operational synergies and benefits.

Either way, the driver is that money gets set aside automatically for MDM harmonization work to be done. But because those primarily IT- or finance-driven initiatives are not focused on unlocking the latent opportunities in having clean MRO item and supplier master data, they often fail to fix what we consider some of the epic fails in MRO master data management:

Root cause fail: Item descriptions that are cryptic, randomly and differently abbreviated, and often unintelligible to anyone other than the person who created them (and even to the person who created them if enough time passes). For example, is it a ball bearing, a brg, a ball brg, a bb, b bear, a balbr, a bearing/ball type, a bearing (type unspecified)?

Root cause fail: Taxonomy-free MRO. Taxonomy is simply a way of categorizing information into small buckets, that roll up into bigger buckets that roll up into even bigger buckets. Having no discernible taxonomy forces search and analysis activities into labor intensity and failure.

Root cause fail: Free-for-all ERP access. What you get (for starters) is massive duplication of records. If it is easier to create a new record than to find an existing one, then you can bet your paycheck that a new record will be created every time. Even with policies and processes in place, there is a good chance the new record will be created because there is important work demanding people’s attention (and rightly so).

Root cause fail: Data field roulette. Picture the scenario of a maintenance engineer with a down production line, costing tens of thousands per hour. If the process of getting a replacement part ordered and onsite does not require rich, detailed data entry in specific formats, are workers likely to take it upon themselves to fill in the blanks?

Even if the maintenance engineer were willing (or forced) to complete every important field in the item master, what are the chances he or she would know, off the top of their heads, the correct stock UoM, inventory-valuation measure or default G/L method?

This leads to MRO item master data that—very often—excludes critical information, such as manufacturers’ names, part numbers, and important item-attribute

information that would render item records recognizable by the next person to come along looking for them.

Root cause fail: No ownership. When it comes to MRO, it will always be justifiably more important to get a production machine or line back up and running than to fill out a form correctly. A company can have all the governance policies and protocols it wants, but if no one is really minding the store and all a person risks is a slap on the wrist for leaving data out or entering the wrong data, they may feel the risk is worth taking.

Root cause fail: No workflow for MRO. While governance is important, workflow is the frequently missing piece that makes the policies and protocols both painless and easy to enforce. Workflow stops the process if required, or correct-looking data does not get entered. Workflow makes certain the right people pay attention and participate in the process. Most important, though, workflow makes it as easy as possible for a person to comply with policy.

Root cause fail: Dual MRO flow paths. ERP alone is not intended to store rich content, such as spec sheets, instruction manuals, recall, warranty, or other information that might be related to a piece of industrial machinery and its replacement parts. But when you separate important MRO content, such as documentation around how to install or replace a certain part, you create dual work streams that undermine productivity.

Imagine the scenario where a maintenance engineer needs a part, researches and easily finds the part in inventory, but also finds attached to the record all the important documentation they need to replace the part properly. Time is saved and the likelihood the machine will be back up and running both quickly and correctly gets much higher.

Solutions

As we mentioned earlier: IT- or finance-driven initiatives may not offer the right focus. For example, they may place insufficient emphasis on deduplication, correction, and enrichment of existing records. What is more, they often fail to put the processes and tools in place to ensure MRO item and supplier master data stays clean moving forward. The result: Root cause fails reassert themselves, causing ERP item and supplier master data to re-descend into disarray as time passes.

Here are some ways automation of the data harmonization process might be able to adequately drill down to the root cause and eliminate repeatable failures.

Root cause fix: Autogenerate standard long and short item descriptions—Deploy an MDM solution layer for MRO that automatically generates standardized short and long item descriptions from key item attribute fields.

Root cause fix: Adopt standard, granular classification taxonomy—As the UNSPSC taxonomy has become the standard for classifying spending data and B2B e-commerce transactions, adopting the same standard for MRO item master

classification enables transaction, inventory, and consumption data to be viewed through a single lens.

Root cause fix: Combine governance with workflow for MRO new item master creation—There is no getting around the fact that enterprises need people with responsibility for item master stewardship and policies to support them. Niche MDM solutions for MRO enable just a few data stewards to manage and enforce policies easily even in large, complex organizations.

Root cause fix: Make compliance easy with advanced automation features—There is workflow that forces compliance, for example, making sure required fields get filled with valid data. Then there is workflow that makes compliance painless and fast for system stakeholders. The best solutions offer both.

Root cause fix: Make all MRO-related information as easy as possible to find—Fast, powerful, intuitive MRO item-search capability solves so many problems: duplication, bloated inventory, unnecessary downtime and purchases, and productivity loss. Add rich MRO content to the mix and watch multiple MRO success metrics start to skyrocket.

Zynapse Harmony (www.zynapse.com) automates the material master data harmonization process, ensuring scalability, consistency, and reduced project costs. For a full version of this article, visit www.zynapse.com *[1].*

Source URL (retrieved on *04/27/2015 - 12:31am*):
http://www.impomag.com/articles/2011/05/epic-fails-mro-master-data-management?qt-digital_editions=0&qt-recent_content=1

Links:
[1] http://www.zynapse.com/knowledge-hub/mro-ebook.html