

## Dispense Sense

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### **If the word vending makes you think of snacks, you might want to study up on the business case for vending as MRO management.**

Point-of-use dispensing technology has gained in popularity for many manufacturers who have struggled for years with the tracking of MRO products. Manufacturers and distributors alike can recount horror stories of contending with hundreds of SKUs of something as simple as work gloves. They are being ordered indiscriminately, and often by multiple buyers in the same organization. Once in-house and housed in a stock room, it can be difficult to track how and where they're being used (and by whom) – not to mention when they need to be replaced. The result is a cost center that can feel a bit overwhelming.

“Most maintenance and procurement managers spend 50 percent of their time managing 10 percent of their budget with consumable maintenance supplies,” says Rob Onorato, VP-Maintenance Supplies & Solutions for Applied® Industrial Technologies.

Applied Industrial Technologies has over 225 Vendor Managed Inventory Specialists supporting their Maintenance Supplies & Solutions business. According to Applied, its automated dispensing systems can reduce MRO supply costs by 20 to 40 percent.

“The vending machines can reduce on-hand inventory by 20 to 30 percent and the automated ordering process reduces procurement costs,” explains Onorato.

Vending product orders are placed automatically, as needed, while inventory is monitored online and Applied makes sure the vending machine is properly replenished. Security controls can be set to provide workers with the required access and usage can be tracked by individual, job number, work order, cost center, or custom parameters. Products are available 24/7 while controlling unauthorized usage and theft. Inventory and restocking data are available any time via a web browser. Other key benefits include:

- Accountability
- Right-Size Inventory
- Order Automation
- Reduced Procurement Costs
- Improved Workforce Productivity

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- Security

Applied is not the only industrial distributor with a vending offering, and other major players like Fastenal and MSC see vending as a key component of their growth strategy. In fact, the growth for Fastenal has been so explosive that, in 2012, the company installed more than 13,642 machines as part of its FAST Solutions (industrial vending) program. Fastenal has installed 20 percent more machines in the first half of this year than it did last year. MSC's Erik Gershwind cited "the growth of our highly customized vending program" as a contributing factor of its sales success in 2012 as well. For MSC, vending can be bundled with its CAP (Competitive Advantage Program), which consists of a customizable set of vending systems, technical support, and state-of-the-art software for inventory management and reporting. This program can be expandable and tailored to an individual shop's specific requirements.

It's clear that some facilities are better candidates for industrial vending solutions than others, although suppliers with strong capabilities in this area can help assess a facility's unique requirements. In the right environment, payback can be visible quickly. According to Applied, the savings in inventory and increases in productivity can be so substantial that customers report payback periods of mere months.

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