Managed Stockroom Pilot Project

2016-2018 Kansas Department of Transportation

Clay Adams, Bureau Chief of Maintenance
Genuine Parts Company provided stockroom management services for 1 District.
Items included:

Equipment repair parts
Lubricants
Office supply products
Paper goods
Personal protective equipment
Testing equipment
Hand tools
Sign Posts and Pipe
Items not included:

Aggregates
Salt
Fuel
Guardrail and Vehicle Attenuators
Managed Items:

Traffic Paint
Beads
Road Signs
Used State Vendors when required by statute.

Safety Vests
HVAC Filters
Printer Cartridges
Current Conditions
vs
Managed Stockroom
KDOT purchases, manages, and distributes all stock inventory.

GPC purchases, manages, and **owns** inventory until it is issued to KDOT. This will reduce the amount of money tied up in stock.

KDOT does not pay the same price for identical items across state due to price variances between all the different vendors that we purchase products from.

GPC will provide a single price for all items provided. Because of nationwide purchasing power the price that GPC pays is typically less than what KDOT can purchase items for.
KDOT stock management system is very labor intensive to manage obsolete inventory.

GPC will track and manage obsolete inventory. KDOT will not be responsible for paying for left over inventory when equipment is sold.

KDOT system does not accommodate the tracking of warranties on part installed

GPC will track and credit all warranty claims on repair parts.
KDOT cannot afford to purchase or manage adequate repair parts inventory system to have repair parts for emergency work.

GPC will right size all inventory as well as insure inventory is in correct locations. There would be no need to work around KDOT (No parts stash)

KDOT mechanics and supervisors have a procurement card to purchase items needed and are responsible for reconciling the statements for their procurement card.

GPC will act as procurement agent for KDOT and provide a single bill at weekly intervals for payment.
Due to lack of parts inventory mechanics spend extensive time looking up, pricing, procuring, and retrieving repair parts.

Mechanics will let GPC know what they need and GPC will identify parts and make arrangements to have the parts delivered.

KDOT incurs additional freight cost to expedite deliveries due to low inventory or no inventory of parts.

GPC will maintain a larger inventory or parts which will reduce the need for expedited shipping. They also have an extensive delivery network that will decrease KDOT’s freight cost.
The Pilot Highway

- We pay for parts based on weekly invoice.
- A percentage is added to each parts cost.
- We pay actual operating costs, including labor, vehicle, fuel, computer servers, depreciation on shelving and other organizing equipment, miscellaneous supplies.
Rough Road to Start

- Difficult transition
- Local vendor pushback
- Timely delivery schedule
- Buy in by mechanics
- OEM vs aftermarket
- Needed Standard Operating Procedures
- Lack of understanding – fear of change
- Current stockroom disorganized
Smother Road Now

- Nightly deliveries on established routes
- Training by manufacturers on aftermarket Items
- Worked with mechanics on standardization
- Extra staffing needed by vendor
- Examples of parts needed being on shelf
- Daily report on parts on order status
- Added document delivery to areas
- Mechanics and office staff happy with system
- Do not want to go back
- Purchasing restrictions implemented by State
- Bolt bins and hydraulic hose machines
Direct Savings

- Lower parts costs using verified aftermarket
- Volume discounts even on OEM parts
- Reduced shipping costs
- Warranty and Core recovery
- Reduce inventory obsolescence
- Reduce cost of carrying inventory
Indirect Savings

- Transaction expense – fewer invoices, less P-card
- Mechanic productivity
- No inventory to audit
- Improved fleet availability
- Mechanic Supervisor has more time to mentor staff
Future Construction

- ¾ of the way through pilot
- Presentation by vendor and KDOT staff
- RFP under development to roll out to 3 Districts
QUESTIONS
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