

# Bringing the Practical Touch to Business Improvement

Warehouse Reorganisation 5S approach

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## Success Story

### 1. Why are we doing it?

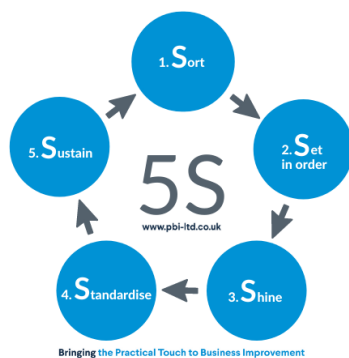
Client inventory was held by many suppliers over many of their many sites.

Materials returned from offshore direct to suppliers were invisible on clients IT system.

There was no central repository detailing all inventory, all materials, with condition of materials.

An opportunity was identified to gain visibility of materials to:

- Better manage inventory
- Prevent re-purchasing
- Reduce capital tied up in inventory
- Reduce supplier storage costs



## 2. What was happening before?

Loss of material control at Supplier Warehouses

217 Backloads of material from offshore platform to Warehouse outside of Client IT ERP (Information Technology,, Enterprise Resource Planning) system (SAP) & process, in one year

<\$5m of Inventory in 'Temp' location on clients IT ERP system (SAP) Storage

## 3. How is it now?

**Workplace organisation, applying the process of 5S**

### Sort

Removal of unwanted surplus & obsolete items

### Set

All kept material brought onto SAP Inventory and put away in warehouse locations (bins)

### Shine

Cleared \$0.5m - 220 items - 29.5 tonnes to scrap

Quarantine location identified and setup in warehouse

### Standardised

New process created and rolled out to offshore asset and stakeholder groups

### Sustain

60 day receipt to disposal quarantine period Key Performance Indicator (KPI)

Quarantine tracker created and set on offshore installation

## 4. What have we achieved?

Removed obsolete & surplus materials, scrapped & sold on

Add required material to SAP for visibility

Improved process for managing material returns

Fixed quarantine period for uncontrolled returns

Identification of all equipment that had not be preserved and was therefore unable to be used if required by client

Standardised equipment management and communication processes

**\$1M stock  
value reduction**

**Removal of 29  
Tonnes of  
scrap material**

**\$470k  
reduction in  
storage costs**

## 5. What benefits have we realised?

Visibility and control of all materials 314 lines added to Inventory, 227 removed, surplus materials.

Reduction in offsite 3rd party storage

Aligned suppliers on client expectations for service provision

Confidence in quality of information in the system

Confidence in the status of supplier stored inventory

KPI's established

## 6. What was the value of the deliverables?

85% reduction in space required

\$470K reduction in rental costs

\$1M stock value reduction

Increased asset utilisation

