

The consequences of not managing spare parts effectively

Companies hold themselves back whether they're carrying too much spare parts inventory or too little

In a typical production plant,
30%
of spare parts sitting on shelves
are unnecessary.



Costing companies more than
\$1 million a year
in every plant they operate.

Beyond the initial investment, it costs money to house spare inventory:

20-25% per year
That cost is not just a one-and-done expense.

More than 60% of spares will
sit on shelves for three years

and
cost double
after 4-5 years without use.

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35% of all spares are critical
to solve service issues quickly and avoid unplanned downtime.

Without the right spares on hand:

Unplanned outages result in
10x the cost

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of scheduled downtime and...

Adds 5-10% cost
to your business.

With an effective spare parts management strategy:

- Equipment availability improves 2 - 5 percent
- Unplanned downtime decreases
- Slow moving parts (that are subject to obsolescence) are reduced
- Inventory investment and carrying costs decrease

Siemens can help you create an optimal spare parts supply chain with the right balance between risk and investment.

Contact us today and ask about Asset Optimization Services: 1 (800) 333-7421.

Reference: "Production Spare Parts: Optimizing the MRO Inventory Asset", Eugene C. Morsziel, Ronald M. Schroder and Michael P. Reynolds.