

## CASE STUDY: SULZER PUMPS

### Challenges

Sulzer Pumps' Portland, Oregon facility has always looked for ways to operate more efficiently. That's why they partnered with Fastenal back in 2004 to create a Fastenal storefront within the plant. This on-site store is dedicated to servicing the sprawling facility's 300+ employees by managing pump-specific supplies as well as Maintenance, Repair and Operational (or "MRO") supplies – items that aren't part of the final product but are required to run the shop (e.g., safety equipment, janitorial supplies, grinding wheels, etc.).

The Fastenal partnership has enabled Sulzer Pumps to consolidate vendors, reduce hard costs, eliminate stock-out/overstock issues, and free up labor. But according to Sulzer Pumps Purchasing Supervisor Wayne Young, there were still opportunities to improve.

"Centralized tool cribs will always have their place, but they also have their limitations," said Young. "That includes employee travel time to and from the crib, and the inevitable socializing that comes with it. We were looking to put an end to all that downtime, while also finding a way to make needed product available during off hours when the crib wasn't staffed."

### The FAST 5000 Solution

In early 2008, Fastenal was just getting started with its FAST 5000 program. When the program came to the attention of Chris Lundy, general manager of Fastenal's Sulzer Pumps in-plant store, he presented Young with a business plan.

"Everything was presented in a cost savings context, things like consumption reduction and crib labor reduction," recalls Lundy. "But the biggest savings potential was in reducing trips to the store room – that became the charter."

With Young championing the project, the Sulzer Pumps / Fastenal team began moving MRO product to seven strategically-placed Fastenal FAST 5000 vending machines throughout the facility. "We had historical data, so we had a pretty good idea of what to put into the machines," said Lundy. "It was all about getting high-use items in front of people so they wouldn't have to travel those 300 yards, or across the street."

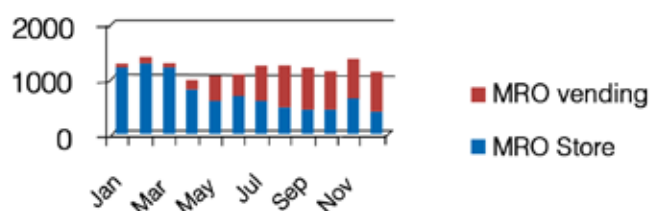
The FAST 5000 machines were custom-configured to vend everyday supplies like PPE, batteries, and carbide & abrasives – small-dollar items that add up to big spending annually – as well as higher-cost items like carbide burs. Because employees have to swipe their ID cards to get products out of the machines, Young was able to set controls limiting who can access what, and how much they can vend over time. (Access is generally limited to supervisors, but there have been exceptions based on individual needs.) The Fastenal team receives an online alert when a product needs re-filling, ensuring that Sulzer Pumps' personnel always have immediate, 24/7 access to product.

### Faster Transactions = Better Productivity

It took a few months before all of the machines were fully implemented, but by mid-April, Sulzer Pumps began seeing remarkable results. From March through December 2009, the number of monthly transactions through the machines increased from 39 to 710 while the number of transactions handled at the Fastenal storefront fell from 1,226 to 422. Overall, 5,246 transactions were made through the machines during 2009, representing an annual savings of \$19,673 (based on an average time savings of five minutes per vended transaction). These savings ramped up as the program gained traction, with monthly savings averaging \$2,573 over the second half of 2009. As a result of Fastenal's cost saving programs – including product standardization, time savings and reduced consumption (all supported by the FAST 5000 Solution) – Sulzer Pumps achieved a total cost savings of \$183,904 during 2009.

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Monthly MRO Transactions (Store vs. FAST 5000)



Monthly Cost Savings Through FAST 5000



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### FAST 5000 Key Business Results for Sulzer Pumps:

- Monthly trips to MRO crib reduced from 1,226 to 422 during Mar-Dec 2009 timeframe
- 5,246 MRO vending transactions in 2009 = nearly \$20,000 in cost savings
- \$2,500+ in average monthly savings during 2<sup>nd</sup> half of 2009
- Accounting time for purchasing supervisor reduced from 6-8 hours to 20 minutes (twice monthly)
- Total 2009 cost savings of \$183,904 as a result of Fastenal programs (time savings, product standardization, reduced consumption, etc.)



*"This program has taken all the negatives of crib transactions and made them non-existent," said Young. "Heavy-use products are always available, always visible, and you can't get them without proper coding, which allows you to track activity in a meaningful way."*

-Wayne Young, Purchasing Supervisor

### Visibility & Simplicity

Thanks to the FAST 5000's flexible reporting capabilities, Young can now view what each of the machine's authorized 60-plus users are vending, or drill down to create usage reports by department and/or cost center.

"Before the machines, the effort required to track this information wasn't worth the time and labor," said Young. "But now we get all that for free. I get the max amount of inventory reporting and data – and a clear picture of who uses what – with a minimum amount of effort."

"From a supplier standpoint, the machines allow us to see what's moving and what's not, so we can stock accordingly," added Lundy. "We had a pretty easy time of getting the right mix of products into the machines to drive our goals."

According to Young, accounting has been another important area of improvement. He estimates that he used to spend six to eight hours every two weeks tracking expenses to the plant's 12 cost centers. Because the FAST 5000 machines automatically associate a cost center with each transaction, that job now takes him about 20 minutes.

"Instead of looking at 6,000 items and having to figure out what gets costed where, I just sign 12 pieces of paper," said Young. "When the credit card packing slip comes, I can just take those 12 itemized areas and put them in the ledger."

Based on the success of the program, Sulzer Pumps and Fastenal are customizing two FAST 5000 machines to vend NQA1 nuclear-approved products that can be used for production of the specialized pumps Sulzer manufactures to keep water circulating in nuclear site reservoirs. (These units will be colored bright red for easy identification.) Young is also considering implementing an add-on locker unit to vend items that are too large to fit into the base FAST 5000 units.

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"Our people can quickly get to the vending machine, get what they need, and get back to work."

### About Sulzer Pumps, Portland

The Sulzer Pumps USA facility in Portland is a manufacturer of engineered pumps for the oil and gas, hydrocarbon processing, and power generation industries. This large facility contains state of the art manufacturing processes and machines for producing multistage axially split pumps. Internationally recognized as one of the world's leading suppliers of pumping solutions, Sulzer Pumps USA operates many strategic alliances with major oil companies for the supply of new pumps and after sales services. Their quality control systems are independently audited to ISO 9001 standard.

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