

Xcel Energy Uses “SmartStores” to Power Cost Savings

Xcel Energy, which serves more than five million natural gas and electricity customers throughout the West and Midwest, is no stranger to industrial vending. They initially took the plunge several years ago but were plagued by high program costs, long repair lead times, and other problems that arose from dealing with a vendor that wasn't familiar with their daily operations. So when they heard that Fastenal, one of their biggest MRO suppliers, had launched their own vending solution, they were eager to give it a try.

At the time (early 2008) Fastenal's “SmartStore” program was just getting off the ground. In fact, for the initial Xcel site installation, Fastenal had to utilize a couple of machine prototypes from a trade show it recently held for customers. Still, according to Xcel's Energy Category Sourcing Manager Doug Johnson, “The implementation went quickly and without a hitch.”

One reason is that the vending units are powered by Internet-hosted software, meaning that Xcel doesn't need to install or manage any software. Once the machines were configured and connected to the Internet, Xcel managers were able to view real-time inventory and usage information on their PCs. Training was also a non-issue, recalls Fastenal energy account specialist D.J. Schilling. “After our second plant installation, we didn't have time to train employees before the weekend. But when we came back on Monday, the disbursement report was already seven pages long – apparently they didn't need any training.”

A third plant installation brought the total number of SmartStore units operating at Xcel to 22. The machines more or less function like snack vending machines, except that they dispense industrial products – everything from safety glasses and ear plugs to grease guns and grinding discs. Optional “Auto SmartStore” locker units control larger products like aerosols, kneeling pads, and hard hat liners. Xcel managers are able to set controls that limit what each employee can access and how much they can vend over time. When an employee needs product, he or she swipes an I.D. badge, and if the swipe is accepted, the transaction is tracked by the system. Employees can also be prompted to enter in certain information – for example, their department and/or project code – enabling managers to view usage and spending according to these criteria.



The bottom line: As a result of this newfound control and visibility, Xcel has been able to reduce consumption of certain high-use products by 30-35%.

“It's not about creating a situation where ‘Big Brother’ is keeping an eye on the employees to keep them from stealing; it's about forcing people to make less wasteful usage decisions,” added Schilling. “In this economy, if you can help a company reduce consumption by 30%, that means they can keep more employees and hours, which is obviously hugely important for folks on a personal level.”

Additional benefits for Xcel include less employee walking and waiting time, better use of crib labor, and a paperless, automated ordering process. (When stock for a certain item becomes low, the machine sends an order to the local Fastenal store for replenishment, eliminating stock-outs and purchase orders.)

Based on the success of the program, Xcel recently installed five additional SmartStore units for one of their service centers, and a fourth plant has budgeted machines for a spring 2010 installation, at which point there will be 32 SmartStores installed at five different Xcel sites.

“The machines have performed very well,” added Doug Johnson. “Anytime we have needed their assistance with service, they've been quick to respond. I would recommend the Fastenal SmartStore program to anyone needing a quality vending solution.”