

Supplier Helps Contractor Improve Inventory Availability

A hosted solution, rugged handhelds, and a consignment program ensure this contractor can access the inventory it needs 24/7.

In challenging economic times, companies often have to work closely with suppliers and distributors to find innovative ways to help manage and maintain supply inventories. Phoenix-based contractor Casa Technology Systems, for example, is taking advantage of a supplier consignment program that leverages hosted software and bar code scanning, and that has helped the company improve inventory availability, technician efficiency, and material tracking.



Casa Technology Systems uses Janam XP30 rugged PDAs to track inventory use in real-time so the replenishment process can be automated and out-of-stocks avoided.

Casa is an electrical and low-voltage cabling contractor that designs and installs telecommunications wiring, computer network cabling, and other systems. In addition to installing new networks, Casa provides 24-hour emergency

response services for its fiber optics customers, so having the right materials inventory on hand 24/7 is critical in order to maintain its service contracts.

The company relies on a handful of key suppliers (as well as an in-house supply of materials) for most of its parts and supplies, but often these outlets are not available during emergency calls. "If somebody called after hours or on the weekend, and we didn't have the necessary equipment available, we would have to wait until Monday or the next workday to take care of the request," says Tim Heisler, VP and general manager at Casa.

Casa found a solution to its stocking problems thanks to one of its major suppliers, Graybar, a distributor of electrical communications and networking products. Graybar had developed a program called the SmartStock Select Inventory Management Solution that essentially consigned

inventory to customer locations, allowing them to access important items in their own facilities without having to pay to purchase the inventory in advance. The subscription-based service combines a hosted inventory management solution (eTurns) with rugged handheld computers from Janam Technologies.

"We have a long-term relationship with Graybar, and they are one of our primary distributors," Heisler says. "They really stepped up while the economy was going downhill and helped us out on the inventory side, when it was very difficult to get financing." Because of this existing relationship, Graybar approached Casa about using SmartStock.

"We thought it was great," Heisler says. "Our warehouse was already set up and organized in a way that would work well with the system. We already stocked a lot of inventory that we would buy at reduced prices and then warehouse, because of the volatility of the copper market. So our depot is very well organized, and that fit with what Graybar was offering."

Consigned Inventory Is Based On Previous Purchases

Under the SmartStock arrangement, Graybar consigns inventory of the products that Casa frequently uses to Casa's warehouse. In the past, Casa staff had to go to Graybar to order particular items that weren't otherwise in stock at the warehouse. But late at night or on the weekend, there was no way to process special orders without making Casa's own clients wait to have their networks repaired.

"Based on our previous purchases, we assessed the inventory with Graybar and came up with a list of about 200 items we use regularly," Heisler says. "I also added items I wanted for emergency repairs. These things aren't standard inventory at any distributor, so that was key. I wanted to have these items in my inventory because of the nature of our business." For example, fiber optic and

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Tim Heisler, Casa Technology Systems

copper splice cases were important to have on hand for emergency repairs, but often had to be special ordered or were difficult to obtain on weekends.

The Graybar inventory is stored in a dedicated space within the Casa warehouse. Staff members use the Janam XP30 ruggedized PDA (provided by Graybar) to scan items from a pick list based on the bill of materials for each project. Once the PDA is docked with a PC, the information is automatically transmitted through the Web-based eTurns program to Graybar, and Casa is billed for just the inventory removed and used.

When inventory levels at Casa’s warehouse fall below predetermined thresholds, the system generates an electronic suggested order that can be approved using the Janam device, then sent to Graybar for fulfillment. Graybar staff take inventory and audit the stock once per year. “We’ve also been doing our own quarterly cycle count,” Heisler says. “There are usually only minor discrepancies, primarily because the technicians will occasionally forget to sign something out.”

According to Heisler, the biggest challenge was managing the company’s own inventory along with the Graybar dedicated inventory. Segregating the materials made this easier. “We have a caged area for the Graybar inventory,” Heisler says. “Everything is in that secure area except for the material we put in our staging areas for specific projects.”

More Efficient Technicians, Better Inventory Management

By using the SmartStock system, Casa has access to nearly any item a technician might need, 24 hours a day, without the expense of purchasing and holding extra inventory. “From a financial standpoint it’s wonderful,” Heisler says. “I don’t pay for that inventory until it leaves my warehouse. And if a guy takes out 12 feet of cable and only uses eight, we can put that back into inventory, and we don’t have to pay for the extra four feet.”

Technicians now spend more time working and less time waiting on parts. They also don’t have to make any extra stops before starting a job; they can pick up the parts at the Casa warehouse and go straight to the customer location without stopping at a distributor’s facility. “The solution definitely

saves us time,” Heisler says. “We’re not shuttling around town in a frenzy trying to find materials as we were in the past.” The company also deployed a GPS fleet management tool from Extra that has also helped improve technician productivity.

Inventory control is the primary benefit, however. “We have the material we need for every job, and we can keep better track of what we’re actually using on a particular project,” Heisler says. “We have 99% of what we need on hand, and the technicians aren’t just going to the distributors and picking up whatever they want. I have everything staged and ready at my own facilities. My warehouse is open 24 hours a day to the service staff, and if they need something at night they can come in, scan it out of inventory, and be on their way.”

Returns are also easier to manage, since staff can simply scan unused items back into the Graybar stocking area. “We could do returns before, but we’d have to have the items picked up or delivered to their warehouse. Right now I can return it right to their shelf,” Heisler says.

Eventually, Casa may integrate the Graybar solution with its own accounting system to perform automatic reconciliations, as well as tracking the Casa-owned inventory in the warehouse. “The software is set up so you can enter your own items if you want, but we just haven’t done it yet,” Heisler says. “We may also add an additional handheld so we can move our company inventory onto the system.”

Casa is also considering extending the system out to its service trucks and customer sites. “You can create a virtual bin in the solution, and turn a truck into a bin, for instance,” Heisler says. “That way you can scan things off the truck as they are used, versus having them turn in paperwork. We also have customers with large data centers, and we could set up bins at their location and stock the most commonly needed materials for repairs at those sites.”

In other words, Casa would consign the Graybar inventory at the customer location and manage it remotely, extending the benefits of the solution. “We have a few bigger customers that have a constant need for patch cords and jumper wire, for example,” Heisler says. “They could manage that inventory, but they wouldn’t have to pay for it until they pull it from the bin.” ●