

**ERIKS**

The Beginners Guide to  
**MRO Stores**  
Outsourcing



# Why consider outsourcing?

For some manufacturers, managing Maintenance, Repair, and Operations (MRO) stores in-house has always been considered the de facto model. While this approach offers direct control, it can create inefficiencies that may hinder productivity.

According to the ERIKS MRO Supply Chain Report, over half of UK manufacturers had experienced unplanned downtime in the past year due to spare parts availability issues. This type of downtime can lead to significant production losses, impacting profitability.

Unplanned disruption due to unavailable parts, missed or incomplete deliveries, misallocated resources, and excessive inventory costs are common pain points for companies running in-house MRO operations; it's not their forte. These inefficiencies can have a direct impact on both operational performance and financial outcomes.



This guide will explore some of the options in MRO stores management and how they can address common challenges, reduce downtime, optimise inventory, and drive cost savings. The ultimate in stores management may be to consider outsourcing.

By choosing to outsource, companies can open the door to greater efficiency, reliability, and long-term sustainability and remove a whole load of hassle, wouldn't that be great!

# Common pain points of In-house MRO store management

Managing MRO stores in-house can present operational difficulties that quickly lead to inefficiencies.

Here are five critical pain points that you might experience:



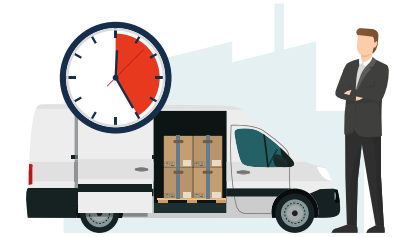
## Understaffing:

67% of maintenance teams consist of fewer than 10 people, while 70% of engineering stores departments have under 4 staff members.



## Misuse of engineering talent:

10% of businesses involve engineers in stores duties due to staffing shortages. In addition to managing stock, engineers are often tasked with sourcing parts, identifying suppliers, getting quotes, and chasing deliveries - time-intensive tasks that divert them from their critical maintenance procedures.



## Downtime from late parts deliveries:

51% of manufacturers experienced unplanned downtime due to unavailable parts, leading to lost production and financial losses.



## Poor inventory control:

The frequency of stock checks has declined, with 30% of businesses never performing full audits. This leads to excessive write-offs, inflated carrying costs, and the potential of a 'write-off timebomb' with significant financial implications when exposed.



## Obsolescence:

Over 50% of respondents in the MRO supply chain survey could not provide data on the value of inventory written off due to obsolescence in the last financial year, another hidden 'write-off timebomb' risk in your stores.

# The financial impact of stores management

The following statistics highlight the financial challenges businesses face when MRO storeroom practices aren't optimised:



Are you in control?

**90%** of rogue spending is linked to MRO activities, resulting in significant financial drain. Innovative procurement models can address this inefficiency.

**55%** of respondents in the MRO Supply Chain Survey admitted to maintaining "squirrel stores" (private stockpiles of parts), inflating costs and complicating inventory management, leading to potential operational disruptions and a lack of compliance.

**55-85%** of a company's revenue is tied to purchasing and procurement, representing a substantial intake cost.

**20%** of spend consumes up to 80% of a company's purchasing resources, making MRO procurement unnecessarily resource-intensive.

**16%** of manufactured goods costs - and 62% of total requisitions - are related to MRO expenses.

# Seven areas where outsourcing solves these challenges

Outsourcing MRO stores operations can provide solutions to many of the challenges businesses face with in-house management. Leveraging third-party expertise to augment your in-house knowledge allows companies to streamline processes, improve efficiency, and reduce costs.

Shown are seven key areas where outsourcing addresses these pain points:-



**Cost efficiency:** Outsourcing minimises excess inventory and write-offs, saving costs in both storage and procurement. This prevents overstocking and reduces the financial burden of obsolete parts.



**Operational focus:** Freeing up engineers from MRO management enables them to concentrate on core maintenance tasks, improving overall productivity and operational efficiency.



**Supplier management:** Instead of managing multiple suppliers, outsourcing consolidates the supply chain, reducing procurement complexity and associated administrative overheads bringing in accountability and control.



**Sustainability:** Outsourcing partners align with sustainability goals, optimising transportation routes, reducing carbon footprints, and minimising environmental impact.



**Enhanced stock control:** Proactive monitoring and real-time data from outsourcing partners allow for better planning and stock management, ensuring that only essential parts are stocked, reducing obsolescence and wastage.



**Improved uptime:** By ensuring the right parts are available when needed, outsourcing minimises lead times and reduces the risk of downtime.



**Streamlined procurement:** Outsourcing partners offer more efficient procurement models, which reduce rogue spending and optimise resource allocation.



**Independent technical expertise:** ERIKS' technical knowledge is brand-agnostic and tailored to ensure customers get the right product for each specific application. With repair services and options for both replacement and repair, ERIKS empowers customers to make the best choice for their business needs.

**Outsourcing addresses these critical areas, allowing businesses to optimise MRO operations and reduce costs effectively.**

# Statistics to aim for when considering outsourcing MRO stores management

Outsourcing MRO stores management provides clear and measurable benefits for businesses looking to improve their operational performance. By partnering with a specialist like ERIKS, companies can achieve significant gains in inventory management. Key benefits can include:



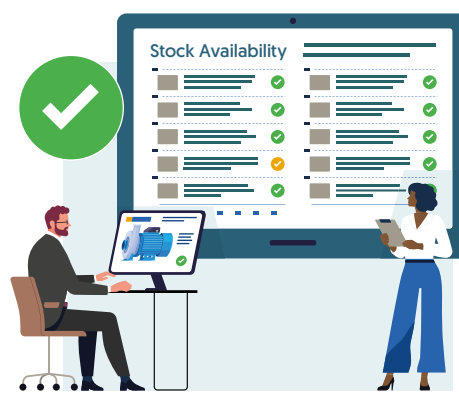
## 95%+ stock accuracy:

With outsourced MRO management, companies achieve precise inventory tracking and a stock accuracy level of 95%+, reducing stockouts and improving availability of critical parts.



## 60-second stock retrieval time:

With optimised systems, outsourced stores management aims to reduce retrieval times to under 60 seconds, improving workflow efficiency and reducing downtime.



## Less than 5% stockout rates:

Best-in-class companies maintain stockout rates below 5%, ensuring parts are available when needed, minimising disruptions to production.



## Reduced downtime:

Outsourcing ensures that essential parts are readily available, leading to fewer instances of production downtime and greater cost savings.

Outsourcing MRO stores management can deliver these key performance improvements, contributing to better overall operational efficiency and reduced costs.

# The journey to reliability through outsourcing

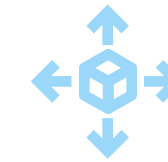
Outsourcing MRO stores management isn't just about reallocating tasks to a third party - it's about partnering with a specialist who ensures continuous operational improvements.

ERIKS takes a phased approach to reliability, ensuring that your MRO operations become more efficient over time. Here's the journey to reliability through outsourcing:



## Phase 1: Audit your current MRO stores

ERIKS works with your team to perform a comprehensive audit of your MRO stores, identifying inefficiencies and areas for cost savings. This phase highlights areas where optimisation can have the most significant impact.



## Phase 2: Transition to outsourcing

The transition phase is designed to integrate seamlessly into your operations. ERIKS takes over your MRO stores management, ensuring minimal disruption and retaining your existing skills while improving inventory management and streamlining procurement processes.



## Phase 3: Ongoing monitoring and continuous improvement

ERIKS will continuously monitor your MRO stores using real-time data, which can be supported by Smart Asset Management (SAM) platforms, ensuring stock accuracy and the availability of critical parts. This process delivers accountability and provides customers with greater insight into MRO operation, as part of the circular reliability journey, which means that their MRO operations evolve and improve over time through predictive maintenance and data-driven decision-making.

This structured journey ensures that your MRO management becomes more reliable, efficient, and cost-effective over time.



# Choose OnSite stock management with FCE support for a streamlined MRO supply chain

With ERIKS' OnSite service, we take over the management of local critical and consumable stock, and also seamlessly connect customers to our national Fulfilment Centre of Expertise (FCE) for enhanced availability and responsiveness.

This dual approach ensures faster, more reliable access to a wide range of parts, improving overall supply chain efficiency. Here's why:



#### Larger stock availability:

The FCE offers over 250,000 products for next-day delivery, ensuring businesses have access to a wider range of parts than they would with local-only stockholding.



#### Faster turnaround:

With immediate dispatch on over 50,000 items, the FCE ensures that critical parts arrive quickly, minimising downtime.



#### Environmental benefits:

The FCE uses optimised transport routes that reduce vehicle trips, lowering carbon emissions and contributing to sustainability goals.



#### Expert support:

ERIKS' service centre teams focus on customer support and technical consultancy with the logistics automated and optimised via the FCE, providing businesses with both operational and technical expertise.

Choosing centralised distribution for MRO management streamlines the supply chain, reduces lead times, and enhances operational efficiency, all while supporting sustainability efforts.

# Outsourcing as the path to continuous improvement

For businesses managing their MRO stores in-house, outsourcing offers a clear path to operational excellence.

By partnering with ERIKS, you introduce a knowledge source to help you to reduce downtime, optimise inventory management and improve your overall operational efficiency.

With ongoing monitoring and continuous improvements, outsourcing ensures your MRO stores management evolves to meet the demands of your business.

Outsourcing also brings a level of control and consistency that is often difficult to achieve with in-house systems, empowering businesses with the accountability and insight needed to support ongoing service.



# Ready to take the next step?

Contact us to discover how our expertise in MRO management can help you reduce costs, streamline processes, and drive continuous improvement.

Learn how ERIKS can transform your MRO operations by visiting [eriks.co.uk/onsite](https://eriks.co.uk/onsite)



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