

## Industry Outlook: Productivity Is Here To Stay

Written by Michael A. Pulick, President, Grainger U.S.  
Monday, 16 August 2010 12:31

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One of the best things about my job is getting to interact one-on-one with customers. Grainger's annual Total MRO Solutions Customer Show that brings customers, suppliers and industry experts together provides a great opportunity for me to do this, allowing me to learn in an up-close and personal way about the driving concerns of the industries we serve.

At this year's event, I had the pleasure of speaking with a purchasing manager who told me he now has three times the work and less than a third of his original staff—*not an uncommon situation today*. As a matter of survival, he has dramatically consolidated the number of MRO suppliers he uses. That's not unusual, either.

These days, we're seeing businesses embrace a more strategic approach to managing MRO inventory, focusing on total cost. In the past, they had not understood the MRO procurement process—*leaving them unaware of how many vendors they used or even how much they were spending*. In today's economic environment, companies realize there are great savings opportunities once they better understand the total cost of their MRO purchases.

Grainger's research suggests that two-thirds of U.S. businesses are not effectively managing their MRO materials once purchased. Our analysis of more than 200 organizations across various industries found:

- On average, MRO inventory turns one time annually.
- Less than 25% of MRO inventory items turn more than four times annually.
- More than 50% of MRO inventory items are "inactive," with no usage for at least 12 months.

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Our Inventory Solutions program ( [www.grainger.com/inventory](http://www.grainger.com/inventory) ) is geared to address these troubling statistics. Quite simply, it helps businesses manage and reduce the amount of their on-site inventories. This significantly reduces procurement costs and boosts the productivity of a facility's staff by providing full visibility into what is being spent on maintenance supplies. In turn, procurement efficiencies help drive workplace productivity by allowing employees to return to the core activities of their operations.

Our broad product offering allows us to help our customers increase their productivity over a large portion of their MRO spend. In addition, Internet procurement of MRO supplies allows customers to find and obtain solutions more efficiently and effectively than ever before.

Safety and sustainability are also areas of focus for businesses. As North America's largest distributor of safety products, Grainger provides expertise, resources and products that help businesses manage safe and healthy workplaces by helping customers maintain regulatory compliance, reduce accident rates, prepare for emergencies and disasters and decrease operating costs. We also carry thousands of products that can help organizations achieve their sustainability goals, as well as solutions to educate businesses on how to run more energy-efficient facilities.

Through our supplier partnerships and recent acquisition of Alliance Energy Solutions, we are able to offer training, needs assessments and audits in areas such as energy, water, green cleaning and waste reduction to help "green" our customers' facilities, while saving them time and money in the process.

To remain competitive in a global marketplace, businesses need to continue to find ways to operate in the most productive way possible. Countless companies took drastic measures during the economic downturn to remain efficient. Even as the economy shows signs of recovery, I firmly believe they will continue to do the small things differently—*the very types of things that pay off big time for the long-term health and vitality of their organizations*

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