

ERIKS



How DSM reduces TCO

with innovative
stock management



Case study





Summary

For DSM Dyneema, maintaining their warehouse was a complex and time-consuming task. But it is a critical aspect of running any chemical company.

To allow them to focus on core tasks, they sought a way of managing the floor stock more efficiently, with lower inventory costs and higher availability. Vendor Managed Inventory from ERIKS proved to be the perfect solution to take care of everything, reduce costs and increase the availability of spare parts.





About DSM

DSM is a global purpose-led, science-based company specialising in nutrition, health and sustainable living. Their purpose is to create brighter lives for all. They achieve it by using all the scientific and innovation power at their disposal to tackle some of the world's greatest challenges — creating value for customers, shareholders, employees and the rest of society.

The Dyneema® brand is at the leading edge of the materials innovation curve. DSM's invention of an ultra-strong, ultra-light material has inspired industries to transform the performance of countless products and applications. Today, Dyneema's ultra-high molecular weight polyethylene (UHMWPE) is protecting the health and lives of millions of people and enabling industries to work smarter.

The Dyneema brand promises innovation and collaboration, enabling innovators and engineers to develop applications that change the game. "With you when it matters" stands for the essential trust placed in Dyneema; it performs when you need it to, it protects when you need it to.





Challenge

Maintaining the warehouse was a complex and time-consuming task for DSM Dyneema. “Look around”, says Warehouse Manager René van der Reijden from DSM Dyneema in Heerlen. “There are often hundreds of bins together with up to three different types of screws, bolts or couplings in one container. It is an enormous amount of work to keep up with all this, especially if you have multiple suppliers”.

But a well-managed floor stock warehouse is a critical aspect of running any chemical company. It is the place where all the standard parts can be found. From screws, bolts, cleaning rags and couplings, to gaskets, O-rings, ball bearings and specific parts, e.g. for pneumatics and hydraulics. Technicians or operators fetch all the materials they need for their daily tasks from here — sometimes several times a day.

According to **Franc Houtackers**, *Category Manager for Mechanical Equipment Sourcing at DSM*, maintaining a floor stock warehouse like this is not one of the core tasks of a chemical company. “It should just be well organised and not too expensive. As a company, you have to focus on what you are good at. In the case of DSM Dyneema, this is making the best fibres in the world”.





Solution

To allow them to focus on the core tasks, DSM sought a solution for managing the floor stock more efficiently, with lower inventory costs, less administration, higher availability and ultimately higher productivity.

They found that solution in Vendor Managed Inventory: on-site inventory management supplied by ERIKS.

DSM chose ERIKS because they have a wide range of products with more than just standard parts. **René van der Reijden**: “For example, they can also supply gaskets, hoses, couplings, seals and other items for any type of industry”. In addition, it was a major advantage that the specialists at ERIKS know the business processes well and focus on giving advice about stocking products that demonstrably perform better in specific business processes. This customisation was very important for DSM.

The most important step

The most important step in successfully rolling out Vendor Inventory Management is to determine the range of products. Van der Reijden sums it up as follows: “What do we need and what should the minimum stock level be? Together with ERIKS, we chose standardised items as much as possible. This not only simplifies the warehouse, but also the way you can replace parts during maintenance”.

ERIKS then redesigned the warehouse completely, something they do for every new customer. **Ronald van Droffelaar** of *ERIKS Supply Chain Solutions Logistic* says: “We implemented a clear structure. We put product families together. For example, all gaskets are divided into types and sizes. To make it even easier for users, each cabinet has an image of the items”.

“The starting stock is a matter of consultation”, Van Droffelaar continues. “After that, the fine-tuning of the range of products starts. We do this by carefully monitoring usage and running algorithms on it. This allows us to see trends over time and better predict what is needed to continually optimise the inventory”.



Results

Van der Reijden: “ERIKS implemented a ‘two-bin system’: There are two bins in a row with the same items in the storage cabinet. When the front bin is empty, we put it on top of the cabinet. That is the only thing our employees need to do. Once a week, someone from ERIKS comes by and takes the empty boxes, scans them in, replaces them with full boxes and brings them back.

The packaging material therefore stays with ERIKS as well. Every month, I get a comprehensive report on the progress of the stock and what is being done to further optimise it. We have already had two major stops for maintenance and they went perfectly in terms of stock. We don't want to go back”.

- **The search for replacement parts is reduced from seven to two minutes**
- **Stock availability with the two-bin system is 99.4%**
- **20% lower costs (including reduced administration costs, such as receipts and stock changes)**
- **Reduced number of suppliers: less contact persons and less time needed for organisation**

“ERIKS implemented a ‘two-bin system’”



About ERIKS

ERIKS is a specialized industrial service provider that offers a wide range of technical products, co-engineering and customization solutions, as well as related services. We help customers in the chemical industry to improve their products' performance and reduce their total cost of ownership.

Our technical know-how is the basis of our specialism. We are present in 18 countries worldwide and over the last 80 years, we have built up deep expertise in the areas of sealing & polymer, gaskets, valves & instrumentation, industrial & hydraulic hoses, industrial plastics, power transmission & bearings, conveying systems and tools, maintenance & safety products. We supply A-brands as well as our own ERIKS products. A strong focus on digitalization and data insights allows us to develop new services and improve processes for our customers.

At ERIKS, we stand for doing good business. We value long-lasting relationships with all our stakeholders, conduct business in a fair and transparent way and contribute to a better and more sustainable society.

#better4chemical



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