

Achieving Supply Chain Reliability for Contractors



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In my last article I highlighted how eliminating waste in your supply chains can lower cost, enhance productivity, and boost profits. Now let's look a little deeper. We all know that consistency means fewer glitches and helps get a job done quicker. We depend on people (employees, other contractors, suppliers, etc) to work reliably to produce consistency but a large

project has 2,000+ deliveries from hundreds of suppliers via 100's of different truckers so high reliability can not practically be achieved. These pictures reflect an unmanaged supply chain.



Trucks arrive with no notice or appointment or plan and inefficiently loaded (barely 12 pipes). Maneuvering on the site is difficult and excessive materials congest both outside and inside areas.

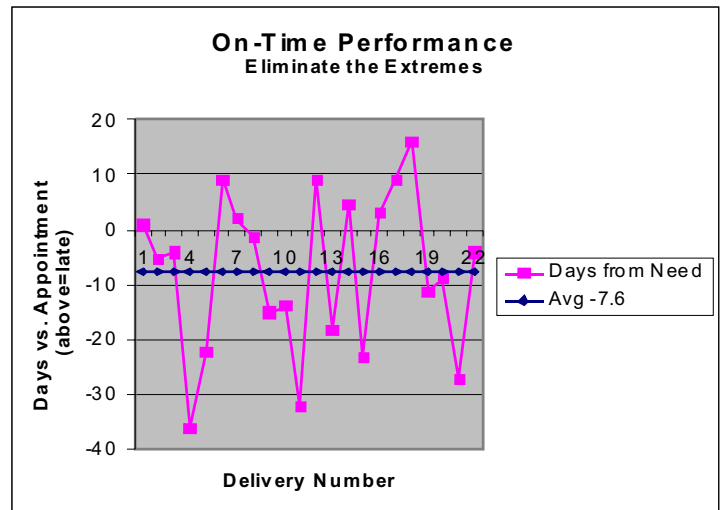
Control And Reliability Are Key

Contractors all say a good foreman is the key to profits but in these conditions they are severely hindered. This suggests that materials management might be as important as a good foreman. Establishing a better flow of materials might allow him to use his skills in a more productive manner and perform better overall.

It is clear that letting hundreds of suppliers make independent decisions doesn't work well. To enable productivity to flourish we must establish new conditions. We must identify and eliminate wasteful activities one by one to create a highly reliable supply

chain by avoiding costly situations and adjusting on-the-fly to minimize the total cost of freight, storage, handling, losses, cash, labor, etc.

In this example of 22 deliveries, there is wide variation ([Zero (0) means arrival on day needed, positive late, negative early]. Arrivals range from 38 days early to 17 days late; not very consistent and certainly not reliable enough to schedule crews and equipment. Contractors constantly have to scramble (move or reschedule crews, borrow equipment, find space, etc) because of these unmanaged deliveries. There is a cost opportunity here!



These wide swings create an out-of-control situation that adversely affects the project and everybody working on it. Foremen have to work their crews around this unreliable and wasteful materials supply.

These suppliers are not adding any value to the contractor's operation and actually drive up cost. The goal is to replace this unreliable logistics activity with a solid process with less severe variations and NO late deliveries. Early arrival of materials is of course better than being late but being early also causes problems (congestion, more losses, multiple moves, and early cash flows) so early, but not too early is best.

In short order, jobsite managers and foremen will benefit (lower materials and labor cost) from a more reliable flow! If you give it a chance it will work for you.

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