

Florida State University/Grainger Storefront
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Abstract

Statement of Program: Florida State University / Grainger Storefront

Florida State University partnered with WW Grainger, Inc. to establish the first of its kind Facilities Maintenance Storefront on campus to satisfy the objectives defined below.

Objectives of Program:

- *To provide the Facilities Operations and Maintenance Department (FOMD) with a full range and sufficient quantity of Maintenance Repair and operations (MRO) supplies and materials from one source.*
- *To ensure materials are available on demand and keep abreast of new merchandise of interest to the FOMD.*
- *To provide for efficient and rapid customer response at all times.*
- *To refine the organization and its processes to realize cost reductions and efficiencies.*

Benefits of Solution:

- *Increased inventory value to approximately \$500,000 (5000 SKUs) from \$250,000 (\$2300 SKUs).*
- *Total time to complete a transaction was reduced approximately to five minutes.*
- *Process costs were reduced, yielding approximately 24,000 hours and \$345,000 in savings.*
- *Grainger incorporated a proven staffing model in the operations of the FSU Store, thereby reducing the operating budget by approximately \$300,000 per year.*
- *Service levels and customer satisfaction throughout the University have increased dramatically.*

Estimated cost savings in year one totaled \$975,000.

Introduction of Organization

Florida State University's main campus is located on nine hundred acres in the northwest corner of the state and the southern side of the city of Tallahassee. Florida State

University has 34,000 students and over 5,000 faculty and staff members that are served by the Facilities Operations and Maintenance division (FO&M). Facilities employs a staff of 543 individuals to maintain over 300 buildings, provide services for approximately seven million square feet of floor space, and to landscape and maintain

over eight hundred fifty (850) acres of ground. Total operating expenditures in 2000-2001 were approximately \$65.3 Million.

Best Practices

Florida State University / Grainger Storefront

Statement

Previously, an on-campus supply room served the University's Maintenance Repair and operation (MRO) supply needs. This supply room was operated by a staff of 11 and, with over 2,300 items in stock and served the facilities maintenance personnel. However, FSU's supply room had its challenges. For instance, one of the supply room's main challenges was its inventory management process. The supply room housed over \$200,000 worth of inventory. However, over time, customers found it difficult to get the products they needed, in the right quantities, when they needed them. An analysis of FSU's ability to immediately satisfy customer needs at its supply room estimated that 50 percent of items requested were either not stocked or not available in the needed quantities. The analysis also discovered that a considerable percentage of the supply room's inventory consisted of either obsolete or duplicate items.

Another issue facing FSU's supply room was the lead-time required to obtain needed MRO supplies. Many of the University's MRO purchases are termed "spot buys." In other words, when something breaks, facilities managers need the right products in the right quantities in order to fix the problem and restore normal operations quickly. These issues may be large or small and it is hard to predict when they will occur. As a result,

customers had to go off-campus to get many of the MRO supplies they needed, which can be a time-consuming and cumbersome process. This led to a second challenge facing the University... lost time and productivity associated with the procurement of MRO supplies. Needless to say, FSU saw opportunities for improvement.

Specifically, FSU wanted an on-campus presence that provided customers with a wider range of supplies tailored to their specific needs, with the flexibility to change as customer needs changed. The University also sought to increase customer satisfaction by having the right products readily available in the right quantities. In addition, FSU looked for a solution to the time-consuming process of procuring unusual or hard to find items, so University personnel could focus more attention towards their on-campus responsibilities.

Design

FSU approached Grainger, the 75-year-old leading North American provider of MRO supplies to businesses and institutions, in search of a solution. The Company worked with FSU to establish a fully operational storefront branch on-campus that is staffed, equipped, stocked and operated by Grainger and dedicated solely to fulfilling the University's significant MRO supply needs.

Implementation

Grainger offered a multi-channel approach that could help reduce the lead-time by adding speed and convenience to the purchasing process. FSU's facilities maintenance personnel could place orders by either calling or sending a fax, stopping by the branch or by ordering via Grainger's website. Grainger's website would offer FSU's facilities maintenance personnel 24/7 access to supplies, with next-day availability.

Grainger's inventory management system tailors its offering to the needs of the local market. The Company manages this process on a daily basis with a team of dedicated professionals in an effort to meet the ever-changing needs of its customers.

Benefits

Since Grainger opened its branch on the FSU campus in Jan. 2001, the University has realized the following results:

- FSU has seen a 35 percent reduction in budget and headcount. On-site experts to help meet the needs of on-campus customers.
- FSU has realized a 69 percent reduction in time and cost associated with procuring MRO supplies.
- FSU's MRO inventory has more than doubled since. The new Grainger branch offers a wider range of products and has removed any obsolete and duplicate items. In addition, FSU no longer has inventory on its books.

Retrospect

All of the improvements have had a positive impact on the service levels to the University and the management of the Facilities Operations and Maintenance Department.