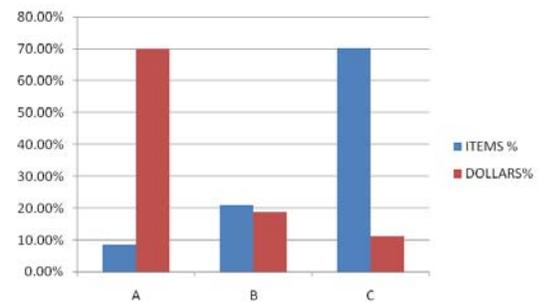


# Tool Box Talk – What a Maintenance Manager Needs to Know About Managing the Maintenance Storeroom Using ABC Classification



## What Is ABC Classification?

Inventory is divided into categories based on the cost of a part. “A” items represent about 10% of your stocking part numbers, and 70% of the inventory valuation. “B” items represent about 20% of the part numbers, and 20% of the inventory valuation. “C” items represent about 70% of the part numbers, and 10% of the inventory valuation.

## Guiding Principles of ABC Management

ABC Management is used to guide the storeroom in:

1. Selecting parts for cycle counting
  - a. “A” items are counted each month
  - b. “B” items are counted every six months
  - c. “C” items are counted every year
2. Selecting parts to obsolete through the cost of a part number and classification. “A” items are most valuable and represent more dollars to scrap than a “B” or “C” item, which has more effect on the bottom line.
3. Selecting areas to store parts in the storeroom. “A” items are the most valuable and stored in an area where they are more visible to the storeroom supervisor. “B” items are next, and “C” items are stored more randomly. This is significant when reorganization of stores is needed.
4. Setting criteria for Min/Max. The order size (difference between the Min and Max value) can affect its determination by using ABC classification.

## WARNING:

**“Drive out fear, so that everyone may work effectively for the company.”**

– W. Edwards Deming, PhD

We never want our employees to fear any actions we take as managers. If ABC analysis is to be utilized for decision making, its implication needs to be understood as to why an action is taken and how the decision is made.

Do not follow the “just do it” approach. The storeroom and maintenance personnel need to buy in to the process and understand how to use it properly to assist them in decision making.

## What Does the Data Tell Us?

By classifying parts with ABC, the storeroom manager more easily defines:

1. Criticality – “A” parts being the most valuable are the first target of the storeroom in identifying critical parts. Reliability engineering and planning and scheduling reinforce the selection of a critical part based on its hierarchy.
2. Parts needing attention in the storeroom – “A” parts are the most valuable and need to be in OEM (Original Equipment Manufacturer) condition while being stored. This includes items such as electric motors, gearboxes, circuit boards, critical bearings, etc.

**ABC Management is an effective tool for the maintenance storeroom.**