S5 Parts Room Design Standardization Task Force

12/08/2023

Agenda:

- Discuss RP pathway to Spring 2023 TMC Meeting
- Review & finalize content
- **Reminder**
    - This is an open meeting of the Technology & Maintenance Council, held in accordance with ATA Antitrust Guidelines which are listed in your meeting packet.
    - Audio or video recordings are not permitted at this session. However, photography is permissible.
    - The opinions expressed in this meeting are those of the individual and not necessarily the opinion of his/her company nor of TMC unless stated otherwise.

Task Force Leadership Update

- Chair: Wayne Skinner, Ozark Motor Lines, Inc.
- Co-Chair: Chad Kinnision, Total Transportation of MS
- Secretary: Tom (TK) Kilchenstein, Fleetpro, Inc.

Overview from Fall 2023 Task Force Report Out (*completed in November*)

1. Reviewed purpose of task force.
2. Presented TF progress between Spring & Fall meetings
3. Discussed content categories and content creation / shared copies of category content matrix to audience.
4. Requested volunteers to write and review content for new RP categories.
5. Fall 2023 TF minutes will be located in the **Trailblazer** once published / unofficial minutes located in the **Appendix**

Parts Room Design Standardization – The RP Pathway Forward

Scope

- Fleets (not retail or service providers since they will have different goals for inventory, etc.)

Purpose

- To provide guidance to fleets and to assist in consistency within each fleet's shop locations.

Content Categories

- 13 Content categories were outlined and agreed upon during the Spring Task Force update.

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Content Development

1. Assigned content reviewers.
2. Task Force volunteers agreed to review the assigned content and either approve or make changes.

Updated Category language	Volunteer Needed for review & update
~~Best practices for implementing and utilizing minimum and maximum ordering systems.~~	~~Wayne~~
~~Setting goals for actual versus reported inventories.~~	~~Wayne~~
Strategies for selecting closed vs open parts rooms.	RJ
Guidance on how to set up and define bin locations by row, column, and shelf.	Chelsea Seger
Guidance on inventory timing for dormant parts.	Jeff Baker
Process for disposing of dormant or obsolete parts.	Jeff Baker / John Oneil
Guidance on how to process unused and / or unusable parts in inventory.	Josh Oneil
Best practices for handling warranty parts	Stuart Doane
Best practices for handling part cores.	Stuart Doane
Ways to organize inventoried parts using VMRS or other numerical part numbering system.	TK
Best practices for handling consumable parts.	TK
Best practices for parts room cleanliness and proper lighting.	Chad
Timing for when parts should be charged out of inventory.	Chad
Development of an RP glossary.	Wayne

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December Meeting Goal

- Goal for 12/08/23 call is to review content recommendations and get consensus from the Task Force members on the call.
- If consensus is achieved, we will move forward toward draft development.
- If not – we will need to schedule a January call.

Call Timing

- Plan on regular TF check-in Zoom meetings before New Orleans / review of content.
    - TF update call November 10th – 0930CT – complete
    - TF update call December 8th – 0930CT – In progress
    - TF Leaders call – January – we will decide next two TF calls
    - TF Update call January _____? (Chad to set up)
    - Possible TF update call February _____? (before Spring meeting)
- Agenda posted on TMC Connect
- TK will post TF call minutes

Spring 2023 meeting report out (March)

1. Task Force overview
2. Full review of content in final draft form
3. Print outs for TF attendees to review
4. Announcement for balloting

Wrap Up

- Any questions?
- What are we missing?

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Content Review

Updated Category language	Reviewer	Initial / Revision	TF consensus?
Best practices for implementing and utilizing minimum and maximum ordering systems.	**Wayne**	The foundation of a successful minimum and maximum (min/max) ordering system lies in accurate demand forecasting. Users should utilize historical usage data, market trends, and supply chain data to predict future demand as accurately as possible. By understanding the fluctuations in demand, users can set appropriate minimum and maximum stock levels for each item. Users should avoid relying on intuition or ad-hoc approaches, as these may lead to overstocking or stock outs, both of which can negatively impact your ability to complete timely repairs.Inventory demand and supply chain conditions are subject to change which should influence your inventory's min/max order quantities. Users should periodically review and adjust the ordering system parameters based on real-time data and trends. Implementing a review schedule will help to align the min/max parameters with the specific needs of the business, respond to seasonality, and account for new product launches.Employing effective inventory management software can greatly enhance the effectiveness of your min/max ordering system. Modern software solutions allow users to automate the monitoring and replenishment process, generating reorder points, and suggesting optimal order quantities based on historical data and demand patterns. By leveraging technology, users can significantly reduce the manual effort involved in managing inventory, mitigate the risk of human errors, and improve overall inventory control. Refer to RP531 Physical Inventory Counts for additional information.	Consensus / added in last sentence.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Setting goals for actual versus reported inventories.	**Wayne**	Establishing goals for actual versus reported inventories promotes accuracy and accountability within the organization. By regularly comparing physical inventory counts to the recorded quantities, discrepancies can be identified and addressed promptly. Setting specific targets for minimizing discrepancies encourages employees to take ownership of inventory management, leading to improved attention to detail, better record-keeping practices, and a reduction in inventory errors. Reviewers should also have a process to prevent and ultimately account for kitted parts with missing components. While each company will need to determine their specific variance goal, managers should consider requiring an action plan to address the root cause for discrepancies above the approved threshold. Refer to RP531 Physical Inventory Counts for additional information.	11/10/23: Josh – BP limiting access to who can pull parts – what training required to make sure ROs reflect. Parts Kits with robbed parts. (Consensus before – ok to proceed?)
Development of an RP glossary.	**Wayne**	(Will develop prior to final format)	

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Strategies for selecting closed vs open parts rooms.	**RJ**	The level of security and protection required for inventory is a significant factor in choosing between closed and open part rooms. Closed part rooms, such as locked storage areas or cabinets, offer enhanced security by restricting access to authorized personnel only. This can be particularly crucial for valuable or sensitive inventory items that require tight control and protection from theft or unauthorized handling. On the other hand, open part rooms, such as open shelves or bins, may be suitable for less valuable or non-sensitive parts that are frequently accessed and replenished. In this case, the focus is on ease of access and efficient picking rather than strict security measures. Consider the level of inventory visibility and accessibility required for efficient operations. Open part rooms provide better visibility of inventory levels, allowing employees to quickly identify items that need restocking or those that are close to reaching minimum levels. This visual transparency can facilitate just-in-time inventory management and improve order fulfillment speed. ~~However, if certain inventory items are sensitive to environmental factors like dust, moisture, or light exposure, closed part rooms may be more appropriate to maintain their quality and prolong shelf life.~~ Analyze the available space and how it aligns with your workflow requirements. Closed part rooms with compact storage solutions, such as high-density shelving or automated retrieval systems, can help maximize the use of limited space while ensuring organized storage. ~~On the other hand,~~ open part rooms with well-structured layouts can optimize picking processes, reducing travel time and improving overall workflow efficiency. Consider the frequency and volume of inventory movements, as well as the number of employees accessing the inventory, to determine which setup best suits your space and workflow needs.	RJ - Move quantity of employees earlier in the content. >techs harder to have open parts room. Josh – consider the expense associated with having a parts manager. If closed consider the delay in parts access impacting repair. Bad inventory w/open parts room. Or – closed inventory with an employee expense. Full staffing expense impact Ivy / Chad – a lot of content. Consider summarizing and reducing verbiage. We can reduce some of the detail.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Guidance on how to set up and define bin locations by row, column, and shelf.	**Chelsea Seger**	Begin by designing a detailed floor plan of your storage area. Divide the space into rows, each containing a series of columns, and arrange shelves within each column. Number each row, column, and shelf accordingly for easy identification. Consider the size and nature of your inventory items when determining the dimensions of the bins. Additionally, ensure that aisles between rows are wide enough to allow smooth movement of personnel and equipment. Please note that there may be minimum isle widths required by local fire chief or state fire Marshall offices. After creating the layout, label each bin clearly with its unique row, column, and shelf identifier. For example, a bin located in Row A, Column 3, Shelf 2 would be labeled as "A3-2." Use durable and visible labels or barcode stickers that can withstand the wear and tear of daily operations. Adopting a consistent and standardized labeling system across the entire storage facility will help employees quickly locate and store items, even if they are new to the system. Implement an inventory management software system to track item locations, quantities, and movements accurately. With the help of the software, you can easily update the inventory records whenever items are moved or restocked. The software can also generate real-time reports, ensuring that you always have a clear picture of your inventory levels and can efficiently plan for restocking or reordering. Moreover, the system will enable you to identify any slow-moving or fast-selling items, improving your overall inventory control and decision-making process.	

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Guidance on inventory timing for dormant parts.	**Jeff B.**	Guidance on inventory timing for dormant parts involves carefully managing the balance between stocking sufficient quantities to meet potential future demand and minimizing carrying costs associated with slow-moving items. Once identified as dormant, assess the long-term demand potential for each part based on historical data and market trends. For truly obsolete parts with little to no future demand, consider liquidation or discontinuation to free up valuable storage space and reduce unnecessary holding costs. Effective inventory timing for dormant parts involves a proactive approach to manage slow-moving items, aligning stock levels with anticipated demand, and making data-driven decisions to optimize inventory utilization and minimize financial burden. Use judgement to determine if the parts in question should in fact be returned. Utilize the Min/Max feature in your fleet's ~~repair order~~ maintenance management system. If you have parts that were once frequently used or have long lead times it may be the proper time to keep a minimum of one part on hand.	11/10: TK / Jeff- shorten up highlighted portion – repeats top section. Chad – further define dormant in 1st sentence. 12/1/23: Recommend using RP531's "obsolete parts" description.

Obsolete Inventory—Individual parts that are no longer consumed.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Process for disposing of dormant or obsolete parts.	**Jeff B. / Josh O.**	The process for disposing of dormant or obsolete parts requires careful planning and execution to maximize recovery value and minimize potential environmental impacts. Begin by conducting a thorough assessment of the inventory to identify dormant or obsolete parts, considering factors such as ~~historical sales data~~, product life cycles, and market demand. Once identified, categorize the parts based on their condition and potential for salvage or recycling. For dormant parts with the possibility of future demand, consider storage optimization strategies or ~~targeted marketing efforts to revive interest~~. However, for truly obsolete parts with no viable use, explore options like liquidation through sales, auctions, or partnering with liquidation companies. For environmentally sensitive components, ensure proper disposal methods, such as recycling or hazardous waste processing, in accordance with local regulations. By following a well-defined process for disposing of dormant or obsolete parts, businesses can efficiently manage inventory, recover any remaining value, and uphold responsible environmental practices. There may be certain cases when the vendor or supplier may not be able to process the return. Possibly due to the part being special ordered for a specific piece of equipment. I would suggest reaching out to other shop locations and determine if they could possibly utilize the part in question. We would place the part in a bin location and keep it in our inventory until it hits our slow moving report of 181+ days. At that point, if all else fails I would suggest the part be scrapped. A scrap request form is then submitted to our corporate office for authorization to dispose of the part in question. **Replace with:** One strategy would be keep the part in a bin location and in inventory until it hits the slow moving report of 181+ days. At that point, ~~if all else fails~~ you would start the process to scrap the part. A scrap request form could be submitted to your corporate office for authorization to dispose of the part in question.	Josh – consider working with the supplier to agree upon return parameters prior to obsolescence. Ivy – consider adding a bulletized portion that outlines the actual process. 12/1/23: Recommend using RP531's "obsolete parts" description.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Guidance on how to process unused and / or unusable parts in inventory.	**Josh Oneil**	The first step is to conduct a thorough inventory audit to identify parts that are unused or no longer usable. This process may involve physically inspecting the inventory, reviewing records, and assessing the condition of each item. Once identified, segregate these parts from the rest of the inventory to prevent confusion and avoid accidental use ~~or sale~~ of unusable items. The first step is to conduct a thorough inventory audit to identify parts that are unused or no longer usable. It is crucial to maintain detailed records of the entire process. Document the identification, segregation, and disposition steps for each unused or unusable part. Tracking the progress of each part through its disposition process helps ensure that nothing falls through the cracks and provides a clear audit trail for accountability and compliance purposes. Accumulating obsolete inventory can occur for several reasons, from inaccurately forecasting demand to a lack of proper inventory management. The most efficient way to identify obsolete inventory is conducting regular inventory audits. Once approved for scrap we may then dispose of the obsolete parts properly. Placing obsolete metal parts in our metal scrap bin or contacting our environmental waste pickup vendor for disposal.	11/10: Josh – a financial decision needs to be made on the parts expense once disposed. TK – concerned that this is a duplicate as obsolete. This category should be damaged or unusable part. Chad – modify category so not confused with dormant parts or obsolete parts. Process to resolve damaged parts. TK – some parts have a shelf life – good inventory but no longer usable. 12/1: Asked Josh thoughts on deleting & refining Jeff's category

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Best practices for handling part cores.	**Stuart Doane**	Develop a robust system for identifying and tracking part cores within your inventory. Each core should be linked to the corresponding new part charged out. For non-reusable cores, such as those damaged beyond repair, have a responsible recycling program in place to dispose of them in an environmentally friendly manner.	

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Best practices for handling warranty parts	**Stuart Doane**	Establish a standardized warranty management process that outlines the step-by-step procedure for handling warranty parts. Ensure that your team is well-trained and familiar with the warranty process to handle claims promptly and accurately. Utilize a centralized system or software to track warranty claims, from the initial request to final resolution, to ensure transparency and accountability. By having a well-defined and consistent warranty management process, you can efficiently handle warranty parts, reduce costs, and prevent warranty claim reductions and denials. Establish or utilize structured language in repair orders and warranty claims to avoid "unstructured text". Using a centralized system or software and leveraging its use of VMRS or other structured Complaint Codes, Technician Failure Codes, Work accomplished Codes, etc increases the ability to better analyze the data. Identify a specific area of the parts room/shelf for warranty parts awaiting disposition (return or discard) from supplier. Parts should be identified clearly in accordance with established policy/process. Warranty parts should not be disposed of until directed by supplier. Establish a schedule to review open warranties for status based on the specific operating environment. Utilize the fleet management system to track all contacts/updates with supplier until each warranty claim is resolved. Once the warranty claim is resolved, follow an established policy to credit back the costs to the asset. Leverage the warranty data to identify patterns, trends, and potential issues with specific products or suppliers. Work with suppliers to determine root cause failure analysis of parts to determine if the part, equipment, operating environment, or other factors caused/contributed to the failure in order to reduce the risk of future failures By studying warranty claims, you can pinpoint recurring problems, determine root causes, and take proactive measures to improve product quality and reliability.	

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Ways to organize inventoried parts using VMRS or other numerical part numbering system.	**TK**	Start by categorizing your inventory into logical groups based on factors such as item type, size, or usage. Assign a unique numerical code to each category. For instance, if you have different types of screws, bolts, and nuts, you could label screws as "100 series," bolts as "200 series," and nuts as "300 series." Subsequently, assign sequential numbers to individual items within each category. For example, a specific type of screw would be labeled as "101," the first bolt as "201," and so on. This systematic approach enables quick identification and streamlines the organization process. Once you've established the numerical system, create clear and consistent labels for each inventoried part. Use durable tags or stickers that prominently display the item's numerical code. Place the labels visibly on each item or its container. If you're using bins or shelves for storage, ensure that the numerical code is also displayed on the respective locations. Consistency in labeling is crucial to avoid confusion and mistakes during the inventory management process. Complement the numerical system with a digital inventory management system. Utilize inventory management software that allows you to record and track each part's numerical code along with relevant details such as description, quantity, and location. This digital solution enables real-time updates, making it easier to monitor stock levels, reorder items when needed, and generate comprehensive inventory reports. Furthermore, with the help of barcode scanning technology, you can enhance the speed and accuracy of inventory counting and management.	

Comments: As the language column notes "using VMRS or other numerical part numbering system" I recommend we add to the end of your text: Another way to organize parts is using the Vehicle Maintenance Reporting Standard (VMRS) coding structure. Using this structure, a part, such as a Turbocharger V-Band Clamp would be categorized as 043 (Exhaust System)-004 (Turbocharger)-035 (Clamp - V-band, Turbocharger). Shelving can be broken into major Systems (First three digits of VMRS code) or or Assembly (first 6 digits of VMRS code). Either of these methods can aid in organizing the parts room layout.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Best practices for handling consumable parts.	**TK**	Implement a systematic consumption monitoring system to track the usage of consumable parts accurately. Regularly reviewing consumption data will help you optimize inventory levels, prevent stockouts, and minimize excess inventory carrying costs. Establish strong relationships with reliable vendors and suppliers for your consumable parts. Monitor purchases and review dollars spent at least monthly, Maintain adequate stock on hand for shop operation Keep stock in defined locations under supervision, Conduct audits annually—if not more frequently.	

Comments:
I believe the intent of this Item was in regard to consumables only (zip-ties, brake cleaner, WD-40, etc) I would suggest the following: A method of ensuring that adequate stock of consumable parts are maintained needs to be implemented. As these items are typically not stocked, counted, and billed as parts, an alternate method of maintaining stock needs to be utilized. Identifying a shelf/shelves for this type of items, and labeling with minimum/maximum quantities and "counting" each week is one way to ensure that there is enough product on hand to meet the needs of the shop. Different Asset Management Software (AMS) may have different methods of "charging" these consumables: Some AMS systems put the consumable parts into inventory via the Purchase Order system, and then charge these consumable parts/supplies to a "shop" Repair Order every month to relieve the inventory, consulting with your AMS supplier or help screens should assist the user in determining the best method for his/her operation.

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Best practices for parts room cleanliness and proper lighting.	**Chad**	Keeping the part room clean and organized is essential to prevent damage to inventory items and maintain their quality. Regular cleaning helps eliminate dust, dirt, and debris that can accumulate on stored parts over time. It also reduces the risk of contaminants entering sensitive components. Proper organization ensures that items are stored in designated locations, preventing confusion and minimizing the chances of misplacement. By adhering to cleanliness and organization standards, you can significantly improve inventory accuracy, reduce the need for reorders due to damaged items, and create a more efficient workflow for inventory management. Adequate lighting in the part room is paramount for ensuring that employees can easily locate, inspect, and handle inventory items. Fixtures should be placed in-between aisles to illuminate the parts on the shelves properly. Each isle way should have light fixtures that illuminate all of the parts and shelves with minimal shading. Insufficient lighting can lead to errors, delays, and even accidents. Implementing proper lighting solutions, such as overhead lights, task lights, or LED strips, ensures that every corner of the part room is well-lit. This makes it easier for staff to read labels, identify part numbers, and check item conditions. Improved visibility also contributes to a safer working environment, reducing the likelihood of accidents and minimizing the risk of damaged inventory due to mishandling. Part room cleanliness and proper lighting play a significant role in boosting employee productivity and efficiency. A clean and organized part room reduces the time spent searching for items, allowing staff to focus on more critical tasks. Clear visibility enables faster identification of parts, streamlining the picking and packing processes.	

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Updated Category language	Reviewer	Initial / Revision	TF consensus?
Timing for when parts should be charged out of inventory.	**Chad**	The timing for when parts should be charged out of inventory is a critical aspect of efficient inventory management. As soon as a part is used , it should be promptly charged out of the inventory to maintain accurate records and provide real-time visibility into stock levels. Inventory should be charged to an asset as it leaves the parts room. Inventory levels in the computerized system should match the physical inventory on the shelves in the parts room reflecting the most current information, reducing the risk of potential discrepancies between physical counts and recorded quantities. In a closed parts room, the parts clerk would charge the part to the Repair Order prior to issuing the part to a technician. In an open parts room, the technician should have the ability to enter/scan the part to a Repair Order prior to taking the part from the parts room. Providing a streamlined method for the technician to charge parts minimizes the risk of parts leaving the parts room "unassigned" to a Repair Order.	

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Appendix

S.5 – Fleet Maintenance Management Task Force Meetings
9/19/2023
Study Group Chair: Matt Farcosky, *FleetPro, Inc.*
Study Group Secretary: Bailey Stephenson, *Alcoa Wheels*

Parts Room Design Standardization (1:30 – 2:30 PM)
Task Force Chair: Wayne Skinner, *Ozark Motor Lines, Inc.*
Task Force Secretary: Tom Kilchenstein, *FleetPro, Inc.*
Task Force Chair Wayne Skinner opened the meeting.
Opening remarks were made by Chair Skinner before he discussed new changes to the Task Force. Bailey Stephenson, *Alcoa Wheels* is passing on Secretary duties to Tom Kilchenstein, *FleetPro*. In addition, Chad Kinnision, *Total Transportation of MS, LLC* is joining Wayne as Task Force Co-Chair.
Chair Skinner review of the progress of the Task Force thus far, as a motion to create a standalone RP was done at the Spring Annual in Orlando earlier this year. There is no RP like this currently and there have been many requests for some consistency when it comes to setting up and/or maintaining multiple locations. The scope of this document is to assist fleets with their Parts room standardization, not Dealers and Service Providers.
Chair Skinner requests that everyone in the audience volunteer their own skills, or peer's skills that would benefit the RP, to help with content creation as the only way this RP will succeed is to have the greatest number of hands and eyes on it.
Co-Chair Kinnison adds that when writing or reviewing content, it is important to keep it general and not specific to your organization/fleet size.

Chair Skinner opens up the room to questions and comments:
We should just reference RP531 for cycle counts, rather than maintaining information in two places.
-Mike McDonald, Benore Logistics
My company can report on every item ever sold, why don't fleets use the vendors data to maintain inventory?
-Audience Member
Chair Skinner requested this individual sign up on the green sheet to assist in content writing regarding consumables.
Task Force Chair Wayne Skinner adjourned the meeting.

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November Meeting Minutes

Task Force Chairman: Wayne Skinner, Ozark Motor Lines

Task Force Vice Chair: Chad Kinnision, Total Transportation of MS

Task Force Secretary: TK Kilchenstein, Fleetpro, Inc.

Meeting Chair: Wayne Skinner

Participants: (Not including Task Force Officers)

- Ivy Abernathy
- Jeff Baker
- Adam Cupp
- Richard Johnson
- Josh O'Neil
- Chelsea Seger

No update/changes to Task Force Leadership

Overview/Review from Fall 2023 meeting

- Review Scope of Task Force
- Review Purpose of Task Force
- Content Categories
- Content development – requested volunteers to write and review

Goal of Spring 2023 meeting:

- Overview
- Full review of content in Final Draft form

Goals of 11/10/2023 meeting:

Review and get consensus on categories text, if successful, move toward draft development

If additional calls are needed, we will schedule one for December, Draft call/review in January

Possible call in February before Spring Meeting if needed

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A detailed review of each category to receive comments/consensus began

- Wayne made notes/comments on each category – these will be published to TMC Connect, so the detailed notes are not included with these meeting minutes.
- Confusion between Dormant, Obsolete, and Unused/Unusable inventory – Need to better define the category "Guidance on how to process unused and/or unusable parts in inventory"
- Time expired before all categories could be addressed, discussion will resume at our next scheduled meeting

Next call scheduled for 12/8/23 at 9:30 Central

Wayne Skinner adjourned the meeting on time.