

RFID Tool Tracking Basics

For a technology to take a strong hold in the marketplace, it must directly solve a known challenge or support the process improvement needed to overcome this challenge. RFID moved into the spotlight when WalMart and the DOD began to push the rapid development of the technology. The goal was to improve the processes surrounding logistics, delivery and receipt of product. This was the driving factor behind the rapid technology advancement of the last 5 years.

Although RFID has made an impact on the logistics side of things, it has not been an easy road. Process improvements have been made and standards established, but most would agree it hasn't proven to be the "pie in the sky" as it was once being billed. While the primary media focus remained the logistics side of RFID, a few innovative small companies were finding unique uses of RFID technology that did directly solve a known challenge.

As a member of a company that was leading the marketplace with a robust bar-coding application to manage tool and MRO inventory, RFID began to intrigue us, and the president of our company, Mr. Larry Harper began to really see a vision. One of the challenges with having software within a tool crib was that it still left a person responsible for checking out the tools or supplies to an employee. Larry began to see how an RFID portal could eliminate the need for human interaction and still trigger the transaction. And so we went on the journey of discovering about RFID tool tracking.

The management of MRO supplies and tools is one of those areas that really has had a lack of focus. Very few processes have been defined. The reality is for the average manufacturer the spend for MRO and tools is less than 10% of their overall spend. Because of this, it has not been given the attention it really deserves. Although it is less than 10% of the overall spend, the amount of processes dependent on having this product on-hand and built correctly into the manufacturing process are overwhelming. The amount of direct cost is substantial but the indirect cost is often times mind blowing.

RFID technology provides the ability to accurately track this inventory reducing costs and improving process flow resulting in substantial bottom line savings. Not only will you provide an immediate direct cost of inventory savings because of increased accountability, you will reveal a time saving process. It has been reported to us that an RFID portal used to manage a crib area can reduce wait times at the crib by 60%-90%, issue and return time can be reduced by 50%-90% and reduced labor cost by 40%-80%. These calculations are just the cost reduction based on process improvement. The software driving the system typically returns users cost savings like; reduction in lost tools, reduced carrying cost, reduced usage based on accountability, reduction in obsolete inventory, reduction in overstock inventory, and a whole lot more.

Manufacturers who have taken this route have proven successful implementations with an average of 4 months or less to achieve their ROI. In fact, many of the customers who achieved that ROI had already defined integrated supply processes but had an unmanned shift. Integrated supply relationships have improved with RFID because now the need for the supplier to run to the facility to take counts is eliminated and replenishment is automatic.

Tool and MRO tracking is an area that can prove substantial savings in a short period of time using RFID technology. RFID does directly solve a known challenge and will support and improve the process change needed to overcome this challenge. A tool and MRO tracking program is a sure way to add value to your services.

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WinWare Inc. was established in 1992 in Marietta, GA., just outside Atlanta. WinWare is the clear leader when it comes to flexible, robust systems to manage MRO, tools and spare parts inventory. Its knowledgeable and experienced staff is dedicated to creating enterprise-wide systems that manage tools and indirect material in productive environments. WinWare has a long-term reputation for providing outstanding customer service and technical support for each of its customers, no matter how large or small. The company is committed to providing expert software and hardware solutions.