### Material Functional Audit

MFA suggests methods for trimming down inventory, corrective measures on most company policies and counsels on best practices. Hence industries that are in need of re-engineering of the existing materials system would be greatly benefited MFA

It broadly covers the following functional areas:

* **Purchasing function** – reviewing the procurement policies for effective purchasing, vendor development and monitoring philosophies to create visibility, invoking supply chain management concepts.
* **Inventory control** – reviewing the strategies on stock decisions, movement monitoring, lead-time controlling, categorizing, prioritizing, interchangeability, inventory optimization and surplus/obsolesce handling, suggesting best practices.
* **Warehousing functions** – reviewing receipt, storage, preservation, handling, securing, issuing, physical verification and shelf-life monitoring methodologies and proposing global practices.
* **Information management**– reviewing the techniques adopted for managing information like master data (material and vendor) management, computerization and coding, and suggesting improvisation and/or best commercially off the shelf software product (COTSP) solutions.

**Benefits**

* Identification of operational efficiencies on various avenues of supply chain management.
* Assessing the performance of procurement life cycle.
* Analyze effectiveness of Inventory control mechanisms.
* Identification of visibility on warehouse management performance and its control mechanisms.
* Highlighting the management of master data such as material cataloguing, vendor master & service master management.
* Driving Key Performance Indicators to control and monitor materials functions
* Identification of global practices for achieving excellence

### Structured Cataloguing and Enrichment

Hofincons helps clients to build a world-class cataloguing system for spare parts management. We apply following functions for material cataloguing:

**Data Classification**

Hofincons specializes in data classification services for global taxonomies. We are also conversant with development and implementing of proprietary schema, as required for specific client’s requirements.

**Data Cleansing**

The data cleansing process is to build better data by:

* identifying appropriate templates
* Extraction of attribute value and population
* Standardizing information
* Data normalization and rationalization.

Quality of the data is validated at all the stages of the data cleansing process and data integrity maintained among the tables by data experts.

**Data Enrichment**

Often cleansed data is not sufficient enough to purchase the item. When further enhanced with verity of reference sources, the data will enable improved visibility and efficient purchasing process.

Data enrichment is carried out on following sources:

* Additional data collected from documents such as manufacture / vendor catalog, engineering documentation etc.,
* Data collection from previous purchase orders, RFQs etc.,
* Data enhanced through manufacturer’s websites, contacting manufacturer/supplier for additional data
* Collecting data physically at engineering stores

### Attribute-Based Cataloguing Management

Hofincons has developed an attribute-based cataloguing system and a conventional line-text cataloguing system. The attribute-based cataloguing system includes a classified hierarchy (noun-modifier nomenclature) with a structured template to capture the buying description and to cater to easy surfing of the items. This facilitates both logical and non-intelligence numbering system. This cataloguing concept is simplified by Hofincons’ [ACMS](http://hofincons.com/tc_softwaretools.html) Cataloguing software tool.

**Line-based Cataloguing Management**

Hofincons’ line-text cataloguing system assigns a series of 10-digit intelligence coding scheme, representing a line-text based buying description. Line-text catalogue classifies the items by its equipment and assembly levels to smoothen the search. The [LCMS](http://hofincons.com/tc_softwaretools.html) software facilitates in conventional cataloguing.

**Benefit**

Hofincons cataloguing concepts facilitate the following:

* Creating uniform and effective buying description
* Eliminating duplicate items
* Providing standard values and units
* Enhancing interchangeability
* Enabling easy navigation into technical details
* Enabling enhanced data warehouse utility
* Facilitating drill-down and roll-up analysis
* Establishing relation to equipment and assemblies
* Establishing user-opted intelligence or non-intelligence material codes

### Inventory Optimization

Hofincons’ Inventory Optimization programme evaluates inventory norms that are part of the plant assets. This program involves analyzing the prevailing inventory policies, levels, consumption/ failure pattern, service levels and suggests the optimal purchase quantity and time. Invariably it provides the lead-time stock, safety stock, minimum level and reorder quantity.

Hofincons uses its inventory optimizing software, Spare Parts Optimization Tool (SPOT) or Risk Spare Analyzer (RSA), depending upon industrial requirements.

**Benefits**

* Identification of gaps where stock levels are shown to be excessive or low
* Releasing working capital from being tied up in over-stocked items
* Balancing the buying and stocking cost
* Reducing the purchase/stores activity levels
* Improving the turnover ratio
* Providing a mechanism for setting stock policy
* Easing out the stock-out risk
* Enhancing the service level

### Standard Operating Procedure

Hofincons’ Standard operating procedure (SOP) for materials involves reviewing and developing a materials functional procedure for procurement, inventory-control, warehousing and master data management.

The SOP manual broadly covers:

* Policy, aims and objectives
* Functional procedures for materials planning and controlling
* Procedures for purchasing
* Receiving, storing and handling methodology
* Custody procedures including maintenance of records and accounting procedures for receipts and issues at stores.
* Procedure for store keeping and preservation
* Inspection methodology
* System for handling direct charge items
* Stock control and replacement procedures
* Transportation and materials handling procedure
* Management of project materials
* Methodology for physical verification and reconciliation
* Procedure for handling damaged materials
* Disposal of scrap and obsolete items
* Material performance indicators
* Delegation of powers
* Management information reports

**Benefits**

* Base document for achieving international certifications like ISO
* Guiding tool for adopting right procurement & inventory policies
* Reference manual for catalogue development
* Tool for driving the warehousing function
* Reference document for inspection and materials handling function
* Organizational guide book on materials management

### Stores/Warehouse Management

* Physical Verification & Reconciliation
* Stores / Warehouse layout preparation

### Physical verification & Reconciliation

**Annual physical verification & reconciliation** – We assist organizations with a large number of Stock Keeping Units (SKU) for their annual physical verification and reconciliation activities. As an option, we will also implement barcode technology for accurate tracking

**Identification & classification of project surplus materials** - This analysis is carried out on following basis:

* General condition assessment by any physical deformation, rust etc.
* Availability of manufacturer/vendor related information
* Traceability with test, inspection certificates
* Association with parent equipment
* Identification of suitable material code

### Stores/Warehouse layout preparation

The primary objective of the stores/warehouse layout design is to optimize warehouse functions, achieve maximum efficiency with greater space utilization, maximum flexibility towards changing storage, and handling requirements and good housekeeping.

Designing the process starts with analyzing the current and projected data. The analysis phase mainly focuses on:

* Making best use of the space
* Better control on movement and location
* Usability of material handling equipment or automated storage/retrieval systems
* Maintaining minimum overall operating cost
* Type and style of racking equipment
* Competence level of warehouse handling group
* Adherence to HSE best practices

Hofincons helps customers on the following areas:

* Help in warehouse analysis
* Detailed warehouse design layouts on CAD drawings
* Advice on selection of material handling equipment