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ORGANIZE your parts and equipment

It's vital info: how many, where they are and what they earn.

▶ Your customers can't buy a system that keeps track of your dealership's equipment and spare parts, and you can't sell one. But having such a system in place could be just as much a profit center as a softening system or a filter or a bottled water delivery route.

That's the assessment of experts familiar with systems on the market that can help any business know how many tanks, filters, water bottles and other items it has on hand at any given time, where they are (on the shelf, in service trucks, on order?) and whether more should be purchased, among other issues.

"I'm a small business," you may say, "and only a big factory or warehouse needs something like that. I can keep all that stuff in my head."

Critical questions need answers

But how about shrinkage? Or: Should you have stocked more of a part, or would



◀ Reading a bar code off a water treatment unit.
Photo courtesy of Prism Visual Software.

doing that tie up too much money? And where, in terms of equipment, are your real profit centers — your filter replacements, your flow meters, your RO pressure tanks? And what kind of filter did we put in Mrs. Jones' house a year ago? Is it

time to rotate stock (such as a perishable chemical) that has been stored past its useful life?

These are some of the questions you might be able to answer — and profit from — with a satisfactory system for tracking parts and inventory. Some of these systems are also intertwined with or subsidiaries of purchase, inventory and/or route management systems.

"Imagine if I could increase my company's efficiency by 25 percent, with the same people," says Robert Ferreras, president of Xceliworks, headquartered in Downey, CA, a company that develops software for warehouse, inventory, facility and equipment tracking.

Especially in today's economy, he says, "For the average business owner, no matter how small the business, they have to be competitive."

Storage costs, profit centers

For example, Ferreras says, inventory carrying costs — the interest costs of financing the purchase of a part, the cost of its storage and related costs such as insurance — are a big concern. A business has to have enough parts on hand to perform its daily operations, but it shouldn't be overbuying, which ties up capital and storage space, he explains.

Another issue is determining what you earn on various equipment items and parts in your inventory.

"You have to understand where your profit margins are," says Andrew Kuneth, vice president of Prism Visual Software Inc., a Port Washington, NY, company

“*It's all about selling [your service] more efficiently*”

which provides computer software for inventory control, route management and other functions.

Kuneth adds that you also would want to know answers to more general questions such as which company store or facility is generating the most profits. Another piece of valuable information would be knowing which segment of your business — commercial or residential water treatment, or perhaps bottled water delivery — is generating the most profits percentage-wise.

A good system might also provide you with information about the rental income produced by a unit or its useful life.

What's on the truck?

Some systems will track whether a specific service truck is carrying a vital part and how many of them are on it — something you (certainly your service tech) would want to know before the tech drives to a job 20 miles away that requires that part.

They'll also help your office staff with administrative issues such as ordering (their timing, amount to be purchased, etc.) and inventory adjustment of everything from copier paper to rolls of plastic tubing.

Hand-held systems can be valuable for tracking parts, whether they're used by your service techs or by the person who receives and stores parts deliveries.

"It's all about selling [your service] more efficiently," Kuneth observes. Tracking systems can also keep records of what's been installed at a customer's location, to increase the productivity of service calls. Many types of information, from the cus-

tomers' address to parts serial numbers, item numbers, brand names, warranty information, install dates, invoice data and more can be accessed by hand-held computer systems, according to Kuneth.

Or suppose a customer has an emergency requiring the immediate attention of a service tech. Having up-to-date truck parts inventory information could tell you which truck to send (or not to send) to that emergency. Fewer headaches with warehouse management and parts replenishment are some other benefits, he says. Some systems also allow techs to write up service-call reports on the spot.

"Hand-held systems are picking up steam in the [water treatment] field," Kuneth says. "They're becoming part of this technology culture."

What you'll recoup

Of course, a parts/inventory-tracking system will be an upfront cost for you. An entry-level system containing this and related business functions might cost \$15,000 to \$20,000, according to Ferreras. Another way to figure it would be the cost per service tech for hardware plus software.

However, Ferreras believes you'll recoup those costs soon enough, if only in slimmer vehicle fuel bills. Having the right parts and enough of them on every vehicle allows you and your employees to make fewer trips and provide faster service to customers — again, all with the same staff. Without good tracking systems, service contracting companies, especially smaller ones, Ferreras says, "are spending a lot of time going between job sites."

Whatever system you use, Kuneth says, keeping smart control of your parts and supplies is a feature of any profitable, well-organized business. **WT**