



OMNI CABLE STEPS IN TO HELP VAN METER INDUSTRIAL REVAMP ITS WIRE ROOM—RESULTING IN INCREASED EFFICIENCY, REDUCED WASTE, AND STATE-OF-THE-ART WIRE-CUTTING PROCESSES.

Partnering takes VMI to great lengths



Last year

Jeff Siegfried, president of Omni Cable, a wire and cable distributor and ESOP, approached Barry Boyer, president of Van Meter Industrial Inc. (VMI) in Cedar Rapids, Iowa, about sharing ESOP best practices. Shortly thereafter, Omni's management team traveled to Iowa from its Philadelphia headquarters for a series of meetings with the VMI team.

During a tour of VMI's CDC, Siegfried paused in the wire room to observe the distributor's handling of wire. He made mental notes of the facility's layout and the company's processes.

"Jeff said that we were like the typical distributor when it came to cutting wire, and he had some different ideas," said Boyer. "The average electrical distributor has an 8% to 10% scrap rate on wire, whether it wants to admit it or not. Omni has a scrap rate of .5% to 1%."

While VMI may have operated its wire room like a typical electrical distributor, the company's reaction to Omni's suggestions for improvement was atypical. Rather than adopting a defensive posture and concocting excuses, the VMI team listened to this unsolicited, outside advice, embraced it, and set about on a focused course of action to improve its own wire operation. ▶



From left: Barry Boyer, president, VMI; Allen Bean, vice president of operations, VMI; Chris Kenney, commodities manager, VMI; Michael Pledge, a VMI wire room employee; Jeff Siegfried, president, Omni; Mike Smith, director of central distribution, VMI; Chris Bertolami, director of supply chain, Omni; Keith Stewart, facilities manager, Omni; and Mark Serafino, vice president, St. Louis branch, Omni

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"Not many distributors have the vision to make these changes in their operation like the people at VMI," said Siegfried. "Not only is it a dollar and time investment, but you also have to admit that you are doing things incorrectly—and a lot of times people are defensive about how they do things."

Omni offered similar suggestions to other distributors in the past. Some made minor changes and improved operational efficiencies, but VMI did a total gut rehab of its wire room. Every aspect of the old operation was scrapped—from floor plan to software—to create a \$250,000 state-of-the-art wire- and cable-processing facility supported by new operating procedures.

After Omni's initial visit to VMI, Allen Bean, VMI's vice president of operations, and Chris Kenney, commodities manager, flew to Philadelphia to tour Omni's main facility.

They studied the company's layout and operation for a full day, and were so energized by the experience that they drafted a rough layout on an airport cocktail napkin while waiting for their flight home.

"We opened our books up to each other and arrived at the most efficient way to do this," said Bean. "Within a week we had set the process in motion."

Previously, wire was stored in multiple locations at VMI's CDC. This was inherently inefficient. All of the company's wire and cable is now consolidated in one 15,000-square-foot area. More than a quarter of this space—4,000 square feet—is dedicated to wire cutting.

"We moved all of our wire from about nine different aisles into a central area," explained Kenney. "We installed about \$42,000 worth of new racking based on Omni's recommendations."

The dollar investment in new equipment was matched by a time investment in the physical act of consolidating product and setting up the new space. Staff worked after hours and on weekends moving inventory.

In addition to moving existing inventory into the new wire area, space was allocated for an increase in wire and cable inventory.



Above: Wire man Michael Pledge enjoys the labor-saving aspects of the new Reel-O-Matic machines.

Left: Chris Kenney sets up the Reel-O-Matic machine for a demonstration cut.



"We added inventory to add variety for our customers," explained Bean. "We are cutting more aluminum and more MC cable now."

Inventory changes were necessitated to follow Omni's recommendations for reducing scrap. Previously VMI had been purchasing 2,500' spools for cutting; now it buys 15,000' spools. This increases the amount of cuts per spool, which reduces end runs and remnants and decreases the amount of changeouts on spools.

A key element in conforming to Omni's recommendations was the purchase of two new wire-cutting machines from Reel-O-Matic. Keith Stewart, Omni's corporate facilities manager, helped VMI with the purchase, assessing the wholesaler's

needs to determine which piece of equipment would work best.

Since Omni has a long-standing relationship with the supplier, Stewart negotiated the best price with the manufacturer and brokered the deal. He then helped VMI set up the machinery and spent a week training workers. "It was a lot of long nights, but we are committed to helping any way we can," said Stewart. "It makes us all better distributors."

The new equipment's benefits are measurable in pure numbers, both in time and scrap saved. Kenney tested the efficiency himself on a typical wire order. Recently a customer needed four 310' lengths of wire on a compartment reel and another 310' cut on a separate reel. In the past this task would

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have taken him 90 minutes; the new equipment allowed him to complete the job in 27 minutes.

Ease of operation has the added benefit of improving worker health and safety. In the past, a day of filling orders in the wire room—with constant bending, lifting, and lugging—would leave Michael Pledge, a one-year veteran of the wire room, worn out.

“The old equipment was physically stressful to use,” said Pledge. “There was a lot of bending and pulling involved in the job. The new machine pretty much does all the work. It makes my job easier.”

Three goals, achieved

The health and well-being of its employees was one of three goals VMI had in mind when it embarked on the wire room upgrade.

Another goal was improved accuracy and efficiency. But the biggest benefits have been increases in sales trust and credibility for its customers.

“Our vision statement calls for us to be our customers’ competitive advantage,” said Todd Ettleman, a salesman in VMI’s central business unit. “This new wire facility takes a big

cuts were made. Wire cuts were not made from the optimal spool based on its length, but rather on the most convenient spool to access.

In evaluating the process of handling a wire order, Omni advised VMI to upgrade its current Eclipse software system’s remnant lot control function, and worked with the programmer to tweak the plug-in and optimize order entry on the sales side and order processing on the warehouse side.

Now the computer automatically separates out the wire order. It flows to a printer in the wire area and prints out a work ticket. The work ticket shows the wire’s exact location and the lot number of the wire. The computer deducts the amount of cut wire off that roll. The wire person writes on a roll’s cut tag, which serves as a measure to double check the digital information in the system.

“Now we know every single piece of wire in this warehouse that is cut,” said Bean. “We know what size it is and we can count on the fact that it is in stock.”

Wasted effort in verifying in-stock items or lengths or making good on mistakes are also reduced, if not eliminated. Scrap is now a commodity accounted in the new system. Deals are offered on random lengths and the company plans to publish a monthly remnant list to offer deals to its contractor customers.

This new system for handling wire could not have come at a better time for VMI. The CDC services 13 branches across the state of Iowa. The company has seen business grow by more than 50% over the past two years, with much of that growth coming on the construction side. By partnering with Omni Cable, VMI proactively addressed some small issues before they became major problems.

VMI not only added equipment and inventory to its new wire-processing facility, but it also added a new staff position in anticipation of future growth. Wire-cutting hours have been extended until 6:30 p.m.—and now cut wire orders taken as late as 4 p.m. can be processed and out the door that same evening.

“Cable is a very difficult commodity for all distributors,” said Siegfried. “There are a lot of demands and a lot of promises they have to make to their customers. Together, we have created a very efficient process that starts in the sales office and works its way back to where the customer receives the cable. The results are tangible.” ■■■

“One of the things we take very seriously is getting better every day.”

—BARRY BOYER, PRESIDENT OF VAN METER INDUSTRIAL SUPPLY (VMI) IN CEDAR RAPIDS, IOWA



Barry Boyer (left) of VMI chats with Olympic wrestler and Iowa icon Dan Gable, who was on hand for a meet and greet at the grand opening of the distributor’s new wire room.

leap toward that goal. It improves our speed, supply, and accuracy, which are all critical to our customers.”

While new equipment helps, it took an overhaul of the company’s processes—from how an order is received to its delivery—for this goal to be achieved.

In its previous system, VMI worked off a wire cut sheet (produced every half-hour) that mixed in the wire cuts with the wire picks. This required double-checking against the list before

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