



DAVID WATKINS
Business Consultant
Oniqua

Material Masters May Be Boring, but What an Investment!

The term “master data” applies to information that seldom changes but is fundamental to managing and optimizing an organization’s effectiveness. The material catalog (or “material master”) is in this category.

The material catalog crosses domains, assisting in accurate material selection throughout the demand and supply chains: for example, maintenance spares, manufacturing materials, warehouse stock, purchased items, and manufactured products. A good material catalog unambiguously describes materials. Incorrect selection can cause excessive stock, unnecessary replenishment, returns, expediting, and rework. Communication is vital to ensure production materials and spares are available when required.

Catalog Test

The cataloging process is best described in an example. Look at the table and take the test. How many are duplicates? There is no rocket science to solving this; it is a technique called “data standardization” and follows five simple steps:

1. Sort alphabetically.
2. Place the noun first and re-sort.
3. Format data, resequence qualifiers, and re-sort.
4. Apply encoding standards.
5. Conduct full research, examine actual item, and use standard names and abbreviations.

If your organization lacks the inclination to follow the standards, the business case may change your mind.

The Value

Consider the nine duplicates. If each is purchased four times per year, then purchasing will drop from 56 to 20 orders per year. With an order cost of \$30, procurement savings alone are \$1,080 per annum. With duplications frequently running at 5% to 20%, the opportunities are there.

A good quality catalog facilitates strategic purchasing, improved contract coverage, higher service levels, reduced inventory holdings, and reduced material-handling.

Business Case

For a \$5 million inventory comprised of 5,000 items with 12% duplication and each replenished four times per year, procurement savings are \$120,000 per annum. Removal of excess stock delivers a further \$48,000 (8% interest) per annum. Contrast this savings with cleansing costs of about \$30,000 (0.6% inventory value) and a yield of \$168,000 per annum (3% inventory value). Why delay? How many projects deliver a return of 16 times and are cash-positive in the first year?

A more detailed version of this paper is available at www.oniqua.com entitled “Value of Cataloging.” ■

Before - Unstructured Catalog		After - Standardized Catalog	
1.	3/4" BOLT, 6IN LONG UNC GRADE 5 W/NUT AND WASHER	BOLT, MACHINE; 3/4" UNC X 5-1/2" HEX HEAD GDE 5 W/NUT AND WASHER	9.
2.	3/4" UNC X 6" HEX HEAD UNC BOLT	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	6.
3.	3/4" UNC X 6" ZINC PLATED HEX HEAD UNC SCREW	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	1.
4.	3/4" X 6" HEX HEAD UNC GRADE 5 BOLT	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	2.
5.	3/4" X 6" HEX HEAD UNC GRADE 5 SCEW ZINC FINISH	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	4.
6.	6"IN LONG BOLT GRADE 5 3/4"UNC	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	10.
7.	GRADE 5 BOLT BLACK .375" X 6.0" UNF C/W NUT AND WASHER	BOLT, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER	12.
8.	GRADE 5 SCREW BLACK .375" X 6.0" UNF C/W NUT AND WASHER	BOLT, MACHINE; 3/8" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER BLACK	13.
9.	HEX BOLT 3/4 X 5-1/2IN UNC GRADE5	BOLT, MACHINE; 3/8" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER BLACK	14.
10.	HEX HEAD BOLT UNC 3/4IN X 6" LG WITH NUT AND WASHER GDE 5	BOLT, MACHINE; 3/8" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER BLACK	7.
11.	HEX SCREW 3/4 X 5-1/2IN UNC GRADE 5	BOLT, MACHINE; 3/8" UNC X 6" HEX HEAD GDE 5 W/NUT AND WASHER BLACK	8.
12.	HEXAGON HEAD BOLT 3/4"UNC X 6" LONG TO GRADE 5 W/NUT AND WASHER	SCREW, MACHINE; 3/4" UNC X 5-1/2" HEX HEAD GDE 5	11.
13.	UNC BOLT 3/8IN X 6 IN C/NUT AND WASHER BLACK GRADE 5	SCREW, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 ZINC PLATED	3.
14.	UNC SCREW 3/8IN X 6 IN C/NUT AND WASHER BLACK GRADE 5	SCREW, MACHINE; 3/4" UNC X 6" HEX HEAD GDE 5 ZINC PLATED	5.