

Navigating MRO and Indirect Supply Complexity:

*An Innovative Cooperative
Purchasing Approach*

AN **SDi**  WHITE PAPER





Introduction: **MRO – The Hidden Challenge** **in Supply Chain Management**

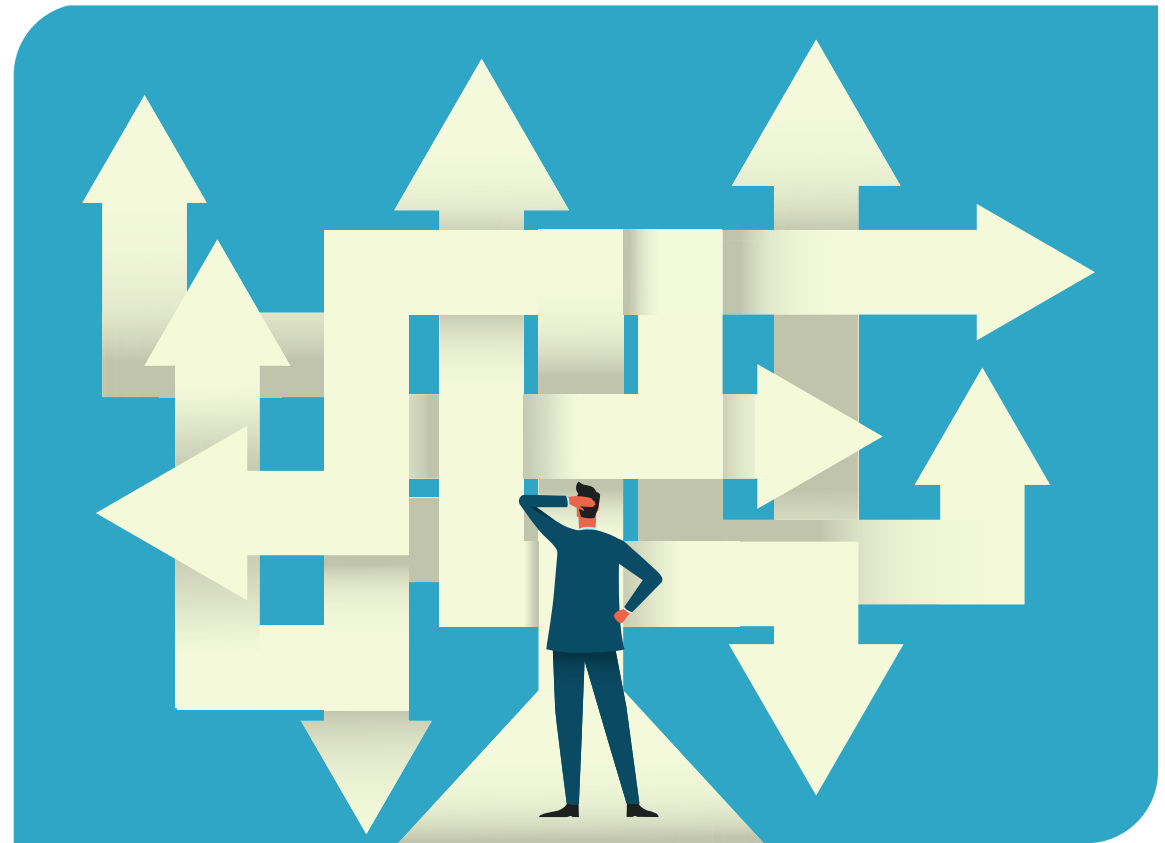
The Infrastructure Gap

The Maintenance, Repair, and Operations (MRO) industry is a vital cog in the machinery of asset-intensive organizations. Yet, it is often an overlooked aspect in many companies due to its intricate nature. Most organizations, especially those in our target verticals, find it challenging to effectively manage MRO due to a lack of sufficient infrastructure – limited time, constrained human resources, and inadequate technology.

The Complexity of MRO

MRO management is a multifaceted task, encompassing 15-30 subcategories depending on the industry vertical. These subcategories include Janitorial and Sanitation (Jan/San); Pipes, Valves and Fittings (PVF); Power Transmission and Bearings (PTB); Personal Protective Equipment (PPE); General Industrial Supplies, Labware, and more. The supply base for these subcategories is highly fragmented, with numerous suppliers vying for a piece of the pie.

Furthermore, internal sourcing resources are often limited, and the inertia within organizations can be a considerable hurdle to overcome during a traditional Request for Information (RFI) or Request for Proposal (RFP) process.





Competing Priorities and Status Quo – The Obstacles to Effective MRO Management

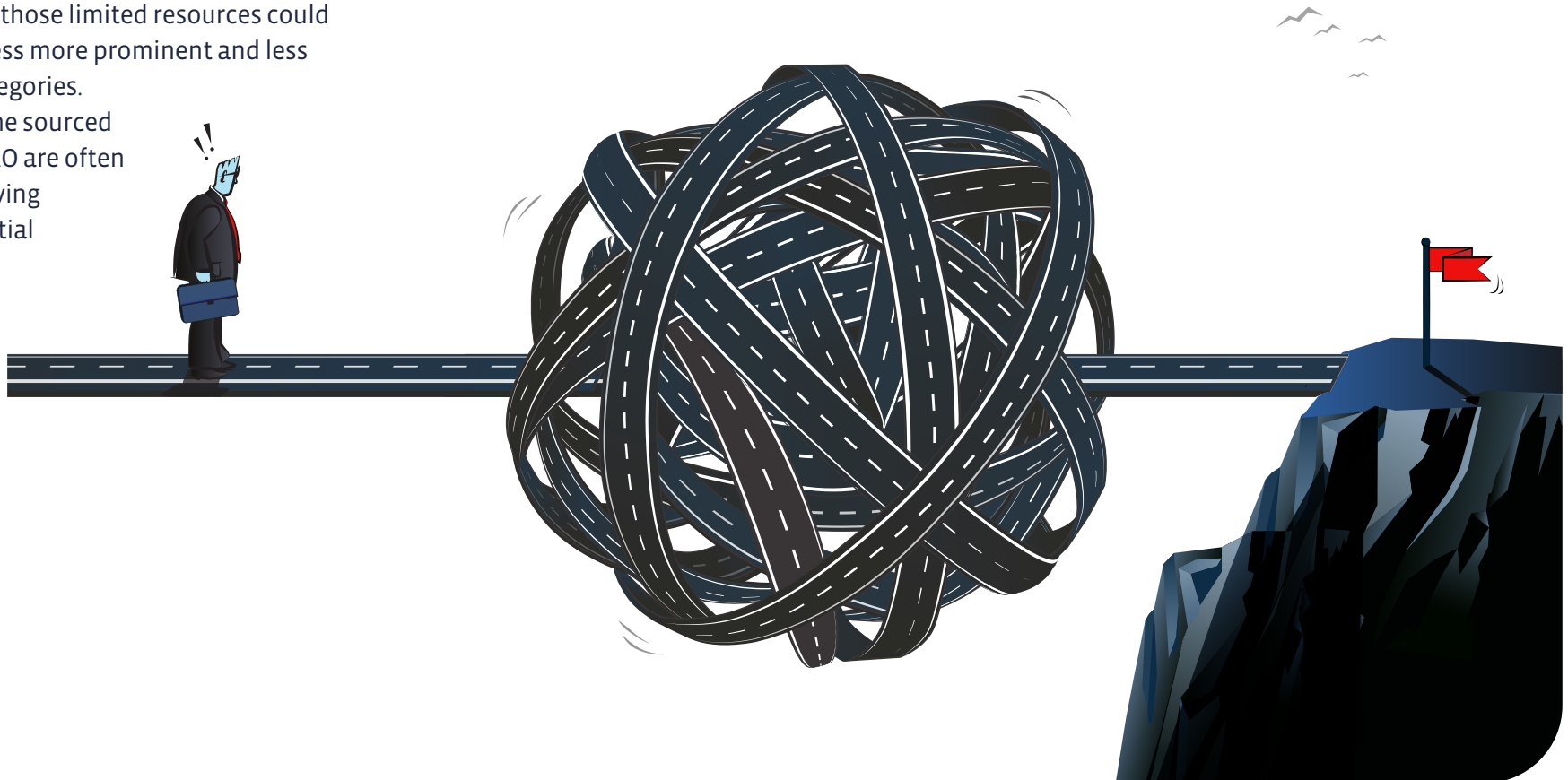
Competing Priorities: A Roadblock to Potential Savings

In the grand scheme of organizational priorities, MRO often takes a back seat. The potential savings from sourcing MRO – often around 10% – may seem insignificant when compared to the effort required to drive change and manage it, especially when those limited resources could be used to address more prominent and less complicated categories.

Consequently, the sourced savings from MRO are often not realized, leaving untapped potential on the table.

Status Quo: A State of Frustration and Imbalance

As a result of these competing priorities and limited resources, many procurement teams find themselves stuck in a state of neutral, unable to effectively manage their MRO spend. This creates a power imbalance where suppliers have the upper hand, leading to a high level of frustration among buyers and a status quo that is far from ideal.





SDI's Supply Chain Cooperative – A Simple Solution to a Complex Problem

Supply Chain CoOp: A New Approach to MRO Management

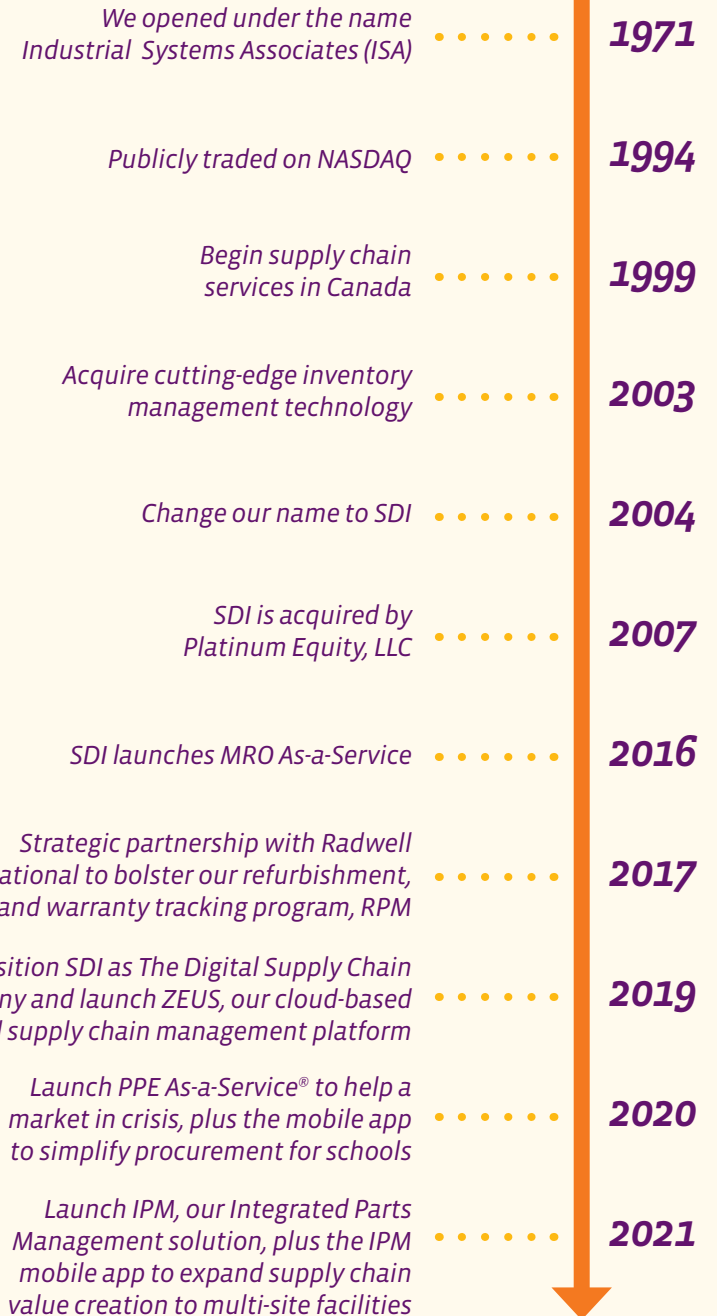
SDI has pioneered a simple yet effective solution to this complex problem. The supply chain co-op is a new approach to MRO and indirect supply management that leverages the collective power of its members to drive value and regain control over indirect spend. Unlike a traditional Group Purchasing Organization (GPO), our co-op is a specialist, focusing exclusively on MRO and Indirect Supply.



SDI's Legacy: Half a Century of Expertise

With over 50 years of experience and expertise in MRO and Indirect Supply, SDI has the depth of knowledge and the breadth of relationships to navigate the intricate landscape of MRO management. The Supply Chain CoOp is built on this solid foundation, providing a stable and reliable platform for our members.

A few of our milestones to the right...





Expanding Influence - SDI's Strategy for the Future

Growing Membership, Increasing Leverage

As our membership expands, so too does our influence in the market. This expansion allows us to drive even more significant value for our co-op members, providing them with enhanced bargaining power and access to better deals.

The On-Ramp to Excellence in MRO Supply Chain Management

Our supply chain co-op is more than just a solution for managing MRO and Indirect spend; it's the on-ramp to excellence in MRO supply chain management. By joining today, you can immediately benefit from our advantageous programs and start your journey towards improved MRO management.





The Path Forward – Ensuring a Sustainable Value Stream

Membership Requirements: Keeping it Simple

We believe in keeping things simple for our members. The requirements for membership are straightforward – a simple membership agreement and a fee.

Continuous Improvement: Addressing All Subcategories Over Time

Our commitment to our members extends beyond just immediate benefits. Over time, we will continue to address each and every subcategory of MRO, as well as adjacent indirect spend categories, to ensure a sustainable value stream for our members.

Conclusion

Navigating the complex world of MRO can be a daunting task, but it doesn't have to be. With SDI's Supply Chain Cooperative, organizations can regain control of their MRO spend and drive significant, ongoing value. This is not just a pathway to better MRO management – it's a journey towards operational excellence.

To learn more, visit: sdi.com/supply-chain-services/coop/

SDI's Supply Chain CoOp: Your On-Ramp to Excellence in MRO Supply Chain Management.

