

## **Supply Chain Section Initiates Changes**

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Poles. Line construction hardware. Vehicle parts. Office equipment. Replacement parts for boilers and turbine-generators. Transformers and regulators, relays and computer components. The list of inventory items used throughout all areas of South Mississippi Electric Power Association's business numbers over 10,000 and, beginning in 2008, there will be a new system to keep track of all of these items.

The Supply Chain section will roll out the new program in connection with the overall EBS (Enterprise Business Suite) implementation. It has taken nearly a year to design and adapt the Oracle software that will allow for much more sophisticated control and oversight of purchasing and warehousing.

"We pretty much had to develop this new system from scratch," says Allen Keene, manager of Supply Chain. "It could not have been accomplished without the dedication and hard work of our entire group, as well as everyone using the system.

"It's been a total team effort. We sought input about what the system needed to be able to do and how best to work that into the process. Once we roll it out and have it working like we want it to, it will increase our efficiency dramatically and will help lower our overall costs."

Part of the implementation will be moving all inventory items currently stored at headquarters to the new FOC warehouse, which will be four times larger. Having that much more space will allow for more items to be ordered at one time, resulting in better prices. It will also allow for ordering and storing larger numbers of frequently used items, as well as ordering all of the items required for specific jobs.

"In the past, we had to focus mainly on just keeping supplies for line and substation maintenance—now we'll be able to procure everything for entire construction projects and store them together," Keene says. "We'll also be able to move items that were previously stored at Moselle— especially poles and other large equipment—to the FOC where the crews will have better access to them."

The warehouses at plants Morrow and Moselle will operate the same as always, but new centralized purchasing policies for all sections of the company will permit negotiating blanket contracts that will help lock in lower, longer term prices.

"We've also revised many of the processes for making smaller or recurring purchases," says Keene, "making them more flexible and allowing for more responsibility at the department directors' and managers' level."

Another part of the process has been to issue credit cards to employees to use for small purchases and travel and entertainment costs, rather than issuing cash advances. "That's been in effect for several months and we've had positive feedback so far from employees using them" Keene notes. "It has also

increased our efficiency and cut costs by being better able to track expenses and by reducing the number of checks we issue.

“We’ve done lots of training with all these changes and have tried to make sure employees are aware of the policies. Everyone should know the steps required for purchasing small items and bidding on larger ones. We all need to be strategic and diligent in finding the best deals possible.”

Later in the year, the Supply Chain team will make further enhancements to the warehousing system, including the ability to bar code and scan items. “When it’s all in place, we’ll be able to fully analyze all of our purchasing, which will enable us to see trends and react quickly,” Keene adds. “As we go forward, this will help us manage these processes more effectively, saving money for our members.”