

Heavy-truck manufacturer saves \$1M+ in first year

Total Cost of Ownership (TCO) is cut through MSC partnership



OVERVIEW:

Leading Heavy-Duty Truck Manufacturer

This manufacturer is one of North America's largest producers of heavy-duty Class 8 trucks, engines and transmissions. Founded more than a century ago, its trucks are sold and serviced in more than 45 countries worldwide. In its North American manufacturing facility, approximately 450 operators use a combination of heavy-duty cordless drills and impact wrenches on a number of production lines. They assemble more than 140 Class 8 trucks every day.

Application: Various applications requiring cordless drills and impact wrenches

Location: North America

Facility Size: 1.2 million sq. ft.

CHALLENGE:

Reduce consumption for cordless tools

Tools thrown away within 30 to 60 days resulted in very high replacement tool spend.

SOLUTION:

MSC and Milwaukee collaborate to find savings beyond simple piece price and reduce TCO

The MSC/Milwaukee analysis, predicting 3X to 10X tool life, was proven in a recommended two-week test period.

RESULTS:

Full conversion saved \$1M+ in tools and operating costs

The customer gained full visibility of TCO for their cordless tool consumption.

“When we build strategic partnerships with our customers we can focus on the more critical TCO; that’s what will save them time and money.”

Loyal Andies, MSC Senior National Accounts Manager

CHALLENGE

When you’ve partnered with leading global automotive and truck manufacturers for decades, you’re going to know that their cordless drills and impact wrenches should last well over 30 to 60 days. MSC saw this short tool life in one of its national accounts: a large, North American Class 8 truck manufacturer. Not only were the tool motors burning out on a regular basis, they were not even worth fixing. They were simply thrown out, and new tools were brought onto the floor. With 450 drill and impact operators, the costs were significant.

MSC is a primary supplier for the truck maker, and part of their partnership involves a TCO program. MSC’s program is designed to constantly seek out and deliver cost-savings opportunities. With its depth of tooling and metalworking knowledge, MSC knew it could deliver a better solution.

SOLUTION

The MSC customer team worked with Milwaukee Electric Tool Corp., a strategic supplier, to deliver a better solution. After a two-week trial, the customer found that the new impact wrenches lasted roughly 3X longer, and the drills lasted 10X longer, than the old tools. In addition, Milwaukee’s batteries lasted an average of 10X longer and ran twice as long before recharging. At the end of the trial, the customer agreed to a full changeover to the new Milwaukee tools.

“Through our TCO program, we work with a range of suppliers to find cost savings that go beyond simple piece prices,” says Loyal Andies, MSC senior national accounts manager.

“If tool A costs twice as much as tool B, but lasts 10 times as long, then the total cost of running tool A will be much less for the customer. Building strong strategic partnerships with our customers will allow MSC and our suppliers the time to identify and focus on the more critical projects. This cost-savings strategy will provide TCO savings year over year.”

RESULTS

After one year, the truck manufacturer has complete visibility of their TCO for the cordless tool consumption with savings adding up to:

- More than \$430,000 saved on drill and impact wrench replacements (the customer bought 882 fewer drills and 1,168 fewer impact wrenches)
- More than \$719,000 saved in operating costs (battery and charger costs, warranty programs and increased productivity)

“Across MSC, we have tremendous experience with different tools and metalworking and manufacturing processes, as well as deep and longstanding relationships with our suppliers,” says Andies. “When you put it all together, we know how to find cost-savings opportunities, and how to build strategic programs and solutions for our customers to help them save tremendous amounts of money.”

SUCCESS FACTORS

Focus on TCO: Whether you’re buying fasteners or cordless tools or heavy equipment, you can’t stop at the piece price; it’s TCO that will provide true cost savings year over year.

Team with the experts: But doing it right takes time and experience. Partner with experts like MSC who know the products and have the supplier relationships to build programs to proactively identify cost-savings opportunities.

Add up the minutes: The experts know that the minutes saved in walking across the floor for a tool, for example, or to recharge or swap out equipment, can add up over time. Capture everything when you consider TCO.