

## CASE STUDY

## PUTTING MATERIAL BACK INTO INVENTORY WITH OVER 93 PERCENT COST SAVINGS

Power utilities are facing the same pressure as many other industries: controlling costs in an increasingly competitive and regulatory market. With tens of thousands of circuit kilometers of transmission lines and over one million distribution customers, one of Anixter's utility customers invests in a large inventory of wire to meet day-to-day and emergency demands, as well as planned upgrades. However, having such a large quantity of cable on-hand presents its own challenge: not depleting its own inventory by fully using existing materials. The customer was scrapping perfectly good cable in the field and the value they were getting for the scrap metal was not near the price of having to purchase a whole new reel.

### Increasing Focus on Maximizing Capital

For the past decade, the customer had been purchasing full reels of cable for various reasons, one of which includes the ability to cut cables to lengths needed for projects. As a result, the construction line of its business accrued massive quantities of leftover wire. Compounding the problem was that different divisions did not maintain inventory; therefore, leftover wire was not visible in their system and remained stagnant in the yards while surplus quantities continually grew.

In the last year, the customer has increasingly looked at its supply chain to find cost efficiencies and maximize its return on capital. As a long-standing partner, Anixter has aligned its focus on improving the customer's inventory through several cost-focused initiatives. During a routine visit to the customer, Anixter noticed the large number of partially used and full reels in its laydown yard that were slated to be scrapped.

Left exposed to the elements, some reels became compromised with rot and would fall apart. When that happened, the wire had to be scrapped since the reel could not be rewound. If this was the only reel, the wait time for the warehouse or supplier to replace the wire could cause delays. In situations where wire could not be rewound, a \$30,000 reel of cable would eventually have to be written off the inventory, resulting in a loss for the customer.

The challenge is that the customer needs to have enough cable on hand for any planned or unplanned work, and it needs to be deployed quickly and easily to the job site. However, it's hard to tell how much is on a reel in a laydown yard, and installers are reluctant to take a reel not knowing how much is left on it. In many cases, the most reliable path is to take a full reel because the installers will know for sure that they will have the full run and length needed. This practice of risk mitigation is common among installers who want to ensure the job is done right the first time so they can move to the next project. The result is a partially used or full reel in the laydown yard with an undetermined length of usable cable, which is left at the job site or stored in a scrap wire yard.

## SUMMARY

### Customer

Large utility provider

### Challenge

Excessive scrapping as a result of cutting cable to length

### Solutions

- Anixter's re-reel solution

### Results

- Risk mitigation
- Maximization of existing inventory
- Scrap and waste reduction
- 93 percent cost savings per reel rewind



### Working to Fully Utilize Existing Inventory

In response to the customer's inventory challenges, Anixter worked collaboratively to leverage its re-reel solution, which is a key service in Anixter's Supply Chain Solutions offerings. This solution included Anixter taking back cable that the customer deemed to be scrap, respooling the cable and returning it to the customer as useable inventory. In addition to having a new reel, the installers now know the type and length of cable on the reel, which makes it easier for them to know what they have in inventory for use on projects.

To demonstrate the value this could provide, the customer submitted a batch of cable to Anixter that in the past would have been scrapped for evaluation. Within days, Anixter approved, tested and respooled the cable, which resulted in more than \$30,000 of usable material returned back into the customer's inventory.

### Lowering Total Cost of Ownership Through Service

As a result of this new process, the customer is now able to recover considerable costs. After the first several reels, the cost savings for the customer were already noticeable with a 93 percent cost savings per reel rewind. Most of the respooled reels were nearly full, which also helped to minimize the impact of long manufacturer lead times and improved total cost of ownership. The customer can now manage cable through their central warehouse and send it to Anixter to continually replenish their inventory, rather than waiting until it's too late.

### Aligning Supply Chain Resources to Benefit Customers

Anixter has led the customer to recover costs, which has helped them meet their long-term goal of focusing on the supply chain. Anixter's re-reel solution aligns with the customer's needs and helps their installers mitigate risk while maximizing their existing inventory of partially used and full wire and cable reels. Together with Anixter, they will continue to drive cost and risk out of their supply chain.

Anixter supply chain ingenuity provides real, tangible and long-term cost savings that are repeatable and value driven. For more information, visit [anixter.com](http://anixter.com).

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