

IDEAS International

March 2004

JOURNAL

IDEAS news and developments



Managing Effectively

Materials Management

Effective Materials Management

Project Management

Six Sigma Methodology for Process Improvement

Business Management

Devon Energy - Building the Largest Independent

Manage Materials Effectively

Effective Materials Management systems reduce costs and improve productivity



Effective materials management involves a complex set of interactions between processes, suppliers, inventory and the data that links them all together. The goal is to analyze and balance these interactions to drive improvement and cost savings.

Looking for new ways to take cost out of your business?

For many companies, materials management represents a tremendous improvement opportunity, yet it remains largely unrealized.

Here are some practical steps your company can take to begin experiencing the benefits of an effective materials management environment.

Build a High Quality Materials Database

At the foundation of any effective materials management system is a high quality material database. A system is only as good as its data.

Begin by analyzing your existing data to determine how effective it is in powering transactions and streamlining processes. Then, wherever gaps exist, develop standardized, searchable inventory data for the entire materials environment. Among other benefits, this ensures uniformity of data and makes it easy for users to search and find parts.

Keep in mind that databases age just as people do. Over time, errors and inaccuracies compound themselves if not managed properly. Therefore, implementing a plan to perpetually maintain the integrity of your database is critical.

Implement Bill of Materials Ordering

Armed with your new high-quality materials database, your maintenance team can now create a bill of materials for equipment on the preventive maintenance schedule. This streamlines the ordering process and enables you to convert many "spot-buy" parts orders into planned purchases; thereby reducing inventory on-hand and lowering expediting costs.

Track Parts Electronically

Still using that old index card file to keep track of your inventory? A computerized inventory management system enhances stockroom efficiencies and improves inventory accuracy. Better still, implement barcode-scanning technology to streamline day-to-day processes and bring accuracy to an even higher plane.

Consolidate and Organize

If you can't physically locate items on the storeroom shelves, the best database in the world can't help you. Physically organize the items on the shelf, categorize and group like items, and remove obsolete inventory in accordance with your item usage history.

Improve Inventory Accuracy and Productivity

It's our experience that most spare part inventories are maintained at less than an 80% accuracy rate. As companies expand, inventories become fragmented and hard to manage. This drives the necessity to standardize and consolidate your materials database. This is especially critical for companies that must maintain inventory across multiple sites.

Manage Inventory Performance

An accurate inventory encourages user adoption and gives you a solid baseline from which to start measuring inventory performance and adjusting your ordering accordingly.

The Results

Significant cost savings. Streamlined ordering. Fewer stock-outs. Better tools to run your business.



Author Dan Floen is President of Professional Materials Management, Inc. (PM2). PM2 helps companies better manage their spare parts inventory environment by building inventory databases, setting up efficient stockrooms, and providing expert materials management advice. To learn more, visit www.pm2online.com.

Product Profile

IDEAS Materials Management System is a fully integrated, comprehensive capability for requisitioning, procurement, warehousing and inventory accounting for maintenance, construction and development operations. IDEAS MMS is well suited to Oil and Gas development projects, automotive tooling projects and maintenance and repair operations.

For more information, contact IDEAS at info@ideasintl.com or call 1-877-GO IDEAS. Outside the US, call 1.973.992.8000.

Devon Energy Corporation

(Continued from page 5)

International Operations

Devon's international operations span areas from offshore West Africa and Brazil to Egypt, Azerbaijan, Russia and China. These international assets accounted for 16 percent of the company's pro forma proved reserves at year-end, 2002.

Some of Devon's most exciting international exploration and production opportunities lie under the waters of coastal West Africa. The company holds substantial land positions offshore Angola, Cote d'Ivoire, Equatorial Guinea, Gabon and Nigeria. In China, Devon is developing its twin Panyu Field discoveries in the South China Sea.

International Accounting Standardization Project

Formulating a new enterprise software agreement with IDEAS International after the merger with Ocean Energy, Devon has embarked on a global project to standardize all international sites with the corporate accounting model. All of the international operations were obtained through the various acquisitions that Devon has made. IDEAS was asked to assist in standardizing the accounting across the 10 international IDEAS sites. The project involved automating the consolidation, including approximately 100 small international ventures accounted for in Devon's International headquarters in Houston.

With the standardization of the IDEAS systems worldwide, Devon can easily consolidate financial results. Corporate staff can view compatible results from all foreign sites and even view the actual transactions directly without contacting the local office. According to Craig Wilkins, Devon's Assistant Controller for International Accounting "The IDEAS system provides a successful solution for Devon's international accounting needs."

Devon produces about 2.5 billion cubic feet of natural gas each day or about 4 percent of the natural gas consumed in North America.