



Inventory: MRO (Maintenance, Repair, Operation) Goods

Students' Corner - 153



Though MRO inventory takes generally a very big slice, say 35-40% , from the annual budget, it is not given its due attention and planning, experts say.

We have to consider now the fourth type of inventory: MRO Goods.

MRO stands for Maintenance, Repair and Operations. This inventory is dealing those items that cannot be discussed under the other types of inventory: Raw Materials, Work-in-Process and Finished Goods. MRO deals with goods that are used in the production but they are not part of the finished goods, finished product.

Let us take Maintenance.

Of course, at present with digitalization being a universal phenomenon, your company must have smart gadgets like smart phones, computers, laptops and necessary furniture. Again all these things cost some real money to the company. We therefore understand that under Maintenance some fundamental categories like consumables, equipments and technology-related tools do find place.

MRO also has its inventory. The very goal of any inventory



MRO: Industrial spare parts

Everything connected with the workplace as well as the work must be maintained lest ill-maintained workplace and machineries required for the process of production will doom the enterprise to final loss and failure in business. And to maintain the company has to spend continuously and sometimes considerably depending on the kind of business. You need mops at least to keep the place clean and, remember, the mops are never part of the finished product of the company.

All the tools used in repair also do not form parts of the finished product. For example; repair tools like screw drivers and wrenches so on.

is storing things your company needs for the process of production, to put it very simply. Over-storing or under-storing affects the business financially. Buying in excess eats into your finance making it scarce when you most need it; buying less affects ultimately the supply of your product to the customer exposing you to the threat of a customer exit.

You may remember we are discussing the drivers of supply chain which are generally five: production, inventory, location, transportation and information. We have spent some time on the first two and now in our next session, we shall go to the next driver: Location.

Blue economy - Wave 8

(Series on "Blue Economy" By Capt. Gajanan Karanjikar)



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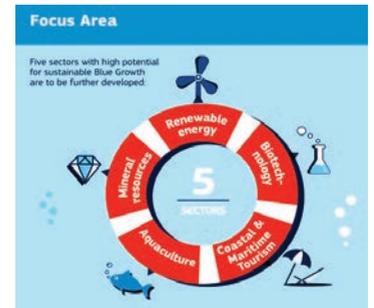


Chart No 1- Blue Economy: Sectors and activities

Sectors	Activities
Fishing	Capture fishery, Aquaculture, seafood processing export
Marine Biotechnology	Pharmaceuticals, chemicals, seaweed harvesting, seaweed products, marine derived bio-products
Minerals	oil and gas, deep-sea mining (exploration of rare earth metals and hydrocarbons)
Marine Renewable Energy	Offshore wind energy production, wave energy production, tidal energy production
Marine Manufacturing	Boat manufacturing, sail making, net manufacturing, boat and ship repair, marine instrumentation, aquaculture technology, water construction, marine industrial engineering
Shipping, Ports and maritime logistics	ship building and repairing, ship owners and operators, shipping agents and brokers, ship management, liner and port agents, port companies, ship suppliers, container shipping services, stevedores, roll-on roll-off operators, custom clearance, freight forwarders, safety and training
Marine tourism and leisure	Sea angling from boats, sea angling from the shore, sailing at sea, boating at sea, water skiing, jet skiing, surfing, sail boarding, sea kayaking, scuba diving, swimming in the sea, bird watching in coastal areas, whale/dolphin watching, visiting coastal natural reserves, trips to the beaches, seaside and islands, seaside eateries and seafood restaurants
Marine construction	Marine construction and engineering
Marine Commerce	Marine financial services, marine legal services, marine insurance, ship finance & related services, charterers, media & publishing
Marine information Communication Technology (ICT)	Marine engineering consultancy, meteorological consultancy, environmental consultancy, hydrosurvey consultancy, project management consultancy, ICT solutions geo-informatics services, yacht design, submarine tele-com
Education and Research	Education and training, R & D

ACCORDING TO THE World Wildlife Fund(WWF), Living Blue Planet Report 2015, nearly 3 billion people rely on fish as a major source of protein and 10–12 per cent of the world's population depends on it for livelihood. The ocean generates economic benefits worth at least USD 2.5 trillion per year.

However, unchecked exploitation of the ocean habitat and species by human intervention has brought the oceans to the brink of collapse. Marine vertebrate population has declined 49 per cent between 1970 and 2012. Number of fish species utilised by humans too has fallen by half. Around one in four species of sharks, rays and

skates is now threatened with extinction due to overfishing.

A recent report by the World Bank and the UN in June 2017, titled, The Potential of the Blue Economy, acknowledges that there is no universal definition of Blue Economy. Instead, it prefers to spell out the characteristics of a sustainable Blue Economy as:

- Provides social and economic benefits for current and future generations by contributing to food security, poverty eradication, livelihoods, income, employment, health, safety, equity and political stability.
- Restores, protects, and maintains the diversity, productivity, resilience, core

functions, and intrinsic value of marine ecosystems—the natural capital upon which its prosperity depends.

- Is based on clean technologies, renewable energy, and circular material flows to secure economic and social stability over time, while keeping within the limits of one planet.
- Is governed by public and private processes that are inclusive; well-informed, precautionary, and adaptive; accountable and transparent; holistic, cross-sectoral, and long-term; innovative and proactive.

(To be continued...)