

MITIGATING SUPPLY CHAIN CHALLENGES



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Challenges

- Replacement Parts/Material Perspective
- Examples of how DEN has mitigated these challenges

- Vehicle and Equipment Perspective
- Example of how DEN has mitigated these challenges

Parts/Material Lead Times

- Many parts are not available or on long term backorder
- Many parts/materials have increased in cost by as much as 100%
- Expedited freight for materials has increased in cost and does not offer much benefit, (Example: overnight freight may still take 3-7 days in most cases)

PARTS & MATERIALS

DEN's Material *Planning* Actions

- Increase Inventory on high volume by 2-3 times normal stock levels.
- New innovative parts designs for better longevity (*solid rubber caster tires*)

DEN's Material *Lead Time* Actions

- Look to rebuild parts vs replace when possible
- Sourcing part from unconventional sources (on-line)
- Engineer/manufacture parts using local machine shop.



Purchasing Lead Times

- Many manufactures have very narrow ordering windows (as low as 8 hours)
- Manufactures have extended lead/build times, as long a 42 months
- We have seen vehicle/equipment cost increases by as much as 20%-80%

DEN's Asset Procurement *Planning* Actions

- Increase vendor relations and industry networking for greater inventory access
- Implement an automated motor pool system for better fleet utilization and fleet right sizing



DEN's Asset Procurement *Lead Time* Actions

- Buying assets from unconventional dealer (out of state/network)
- Buying outside of standardized brands for better lead times



CONCLUSION



Takeaway

- Adaptability and constant innovation is key to the success of our operation!

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