



Small tools tracking software – get it

Executive Summary: Estimates vary on the financial loss suffered by contractors due to lost or stolen tools. Pick any number you want, it's certainly worth a discussion at any value. The direct cost loss is most obvious, but consider also the inefficiencies suffered by crews not having the tools they need to operate efficiently.

How are you tracking small tools? I was helping a contractor last Wednesday when the subject of small tools management came up. I asked him how he tracked his small tools and he took his pointer finger of his right hand and raised it to make contact with his right temple: "I keep track of it up here, in my head."



He and I both smiled at each other because he knew it was not the right way to do it, and I recalled always having done it that way myself.

Beyond the bionic memory recall (cue the emoji wink) of this particular gentleman, I often find that using spreadsheets is a very common way of asset tracking.

Neither work better than software readily available on the market.

Is there enough value in my small tools to justify the expense? Consider a quick rundown of what you can see in your heavy/civil foreman's truck, on his jobsite, and available to him in your shop:

One Utility Foreman's Small Tool Inventory

Table with 2 columns: Item, Approximate Cost. Rows include Small tools, Rigging, Safety, Survey, Welding & Power, Pumps, Electronics, Shoring, Other, and a TOTAL row.

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This is for one foreman! If you have five foremen, it's over \$250,000! Isn't this an asset collection worth tracking? If this were five backhoes at \$50,000/each, you'd be tracking the five backhoes wouldn't you?

Cost of inefficiency/downtime. Consider a standard utility crew of six members and associated excavation equipment. Let's say the cost of the crew is \$7,000 per day – that's \$7,000 / 8-hour day = \$875/hour = \$15/minute = \$0.25/second.

If you can't find that torque wrench to finish bolting up that fitting, or the sniffer was borrowed by another crew on another job so now you can't get in the manhole, or the plane laser was permanently "borrowed" and you're down for three minutes it's almost \$50; if you're down for two hours it's \$1,750. Your crews being without their tools unquestionably erodes the bottom line.



Kinds of asset tracking. There are several types of products on the market:

- GPS – many of you have these units in your on-road vehicles and/or tracked gear and you know where all your assets are at real time since a satellite pings them every minute, hour, or day.
- RFID – this internal chip is responsive to radio frequency (hence the RF in the title). This chip is placed in a tool and it reads runtime and other performance characteristics of the tool. It also alerts the user as to when the tool enters or exits a pre-designated area on a map you set up.
- Bar code system – this is an on-demand scan by your user from his smartphone which uses a bar code or QR code.

There are pluses and minuses to each of these systems. Larger assets, of higher value, tend to use GPS and RFID systems while the subject matter discussed here benefits most by a bar code system.

I feel bar code systems are best for small tools because:

1. Price per tracking device – the tracking device is usually an adhesive label with bar or QR code printed on it which means less cost than a GPS or RFID device
2. Easier to install – bar codes are applied by peel 'n stick (no tools)
3. Non-proprietary – assuming you do not purchase from a tool manufacturer, this method will track any tool
4. Label reader – many systems allow a smartphone to collect the data (versus a specially manufactured laser scanner) which means you already own the scanner!

My story. I terminated a foreman one day and our policy was to ensure that, upon removing the foreman from the truck, the foreman was driven home by an employee. That day I did the termination and the driving home. Yeah, it was awkward.

As I was approaching his front door, I saw my \$400 industrial extension ladder and brand new bright green generator in this guy's barn to my left. My mind went to many things, but as it pertains to this writing, I was thinking "how much of my other stuff does this guy and my other nine foremen have in their respective 'barns'?". That there alone was \$3,000 of Company assets.



I had no handle on my small tools inventory. But, if I had had asset labels on each of my small tools, I would have known on a weekly basis that all tools were accounted for because I could have sorted my assets by project, by foreman, by 'last scanned date', or one of many other fields. Asset management forces employee accountability and shores up the bottom line of your profit.

Here's a suggested small tools asset management product: www.runasset.com.