

10 Must Do's For Small- To Medium-Sized Manufacturers

By Adam Grabowski
Director of Marketing
Global Shop Solutions





The world has never seen a more competitive and accessible marketplace. Manufacturing companies must operate as lean as possible to maintain profitability and a healthy bottom line. My nearly seven years at Global Shop Solutions has put the magnificence of the manufacturing industry front and center in my life. Everything around us, at some point in time, was touched by a human hand – it is truly amazing to think about. I feel fortunate that my role provides the unique opportunity to spend time with owners, presidents, and key personnel at many of our thousands of customers across the 30+ countries and 25+ industries Global Shop Solutions serves. I spend the majority of this precious time simply listening to what makes their businesses lean, efficient, and successful.

What Have I Learned?

Whether the company is a tool manufacturer such as [Fullerton Tool](#) or a leading production/job shop like [H&R Mfg. and Supply, Inc.](#),

I have found 10 common “must do’s” that enable manufacturers to cut costs, operate in a lean and efficient manner, and maintain a commitment to excellence.

1

Lower Labor Costs.

To compete globally, especially for North American or European manufacturers, labor costs must be kept to an absolute minimum. This doesn't mean pay people less; it means less wasteful minutes. Speed up setup times, measure your employees, and reduce indirect labor and redtime. This is accomplished by leveraging realtime data on the shop floor with touch screen Graphical User Interfaces (GUIs) and barcoded work orders to know what your employees are doing as they are doing it.

To minimize labor costs, track indirect labor with remarkable precision. Save on direct and indirect labor costs by going mobile. Mobile materials management eliminates the need to record material handling on paper and then manually transfer it to the computer. Use wireless technology to track raw materials, inventory, tools and finished product from anywhere in your production plant using a handheld wireless device. Give your employees the best tools to do the best job possible.

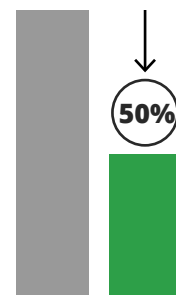


USE WIRELESS TECHNOLOGY TO TRACK RAW MATERIALS, INVENTORY, TOOLS AND FINISHED PRODUCT FROM ANYWHERE IN YOUR PRODUCTION PLANT USING A HANDHELD WIRELESS DEVICE.

2 Cut Cycle Time.

Competing means having a short cycle time and compressing the time between the sequences in your manufacturing. Some companies have been able to cut cycle time by up to 50% by automating processes and leveraging flex schedules with their manufacturing software. For example, the ability to access and analyze capacity data by workcenter and individual machine allows for sequential scheduling of like jobs to reduce setup and breakdown times.

And since every company runs their business a little differently, automation requires a software package that can be customized through a software development kit like Global Shop Solutions' [GAB SDK](#). Modify existing screens for enhanced functionality and user capabilities. Create new custom screens for specific users for improved data visibility that matches your manufacturing business needs. Customize your ERP software to meet specific manufacturing reporting and scheduling needs.



SOME COMPANIES HAVE BEEN ABLE TO CUT CYCLE TIME BY UP TO 50% BY AUTOMATING PROCESSES AND LEVERAGING FLEX SCHEDULES WITH THEIR MANUFACTURING SOFTWARE.

3 Automate Scheduling and On-Time Delivery.

Manufacturing companies that turn the corner on efficiency mostly say the same thing,

“

We used to spend too much time on scheduling.

”

Lean manufacturers do it automatically, as it saves time and frees up your human capital to spend more time calling customers, creating new ideas, and proactively managing the business. And since every manufacturer has different processes, machines, and philosophies, the increased efficiency from [automating your scheduling](#) requires customization.

Improve customer service – and on-time delivery – by accurately viewing and scheduling shop resources, outside processes and material requirements while estimating lead times for jobs. Use advanced finite/infinite scheduling to create what-if scenarios when moving jobs around to meet customer due-dates. Maximize tools, materials and labor efficiency while offering customers reliable quotes that reflect real-time data. Access the information you need to get every job done on time and on budget for the highest levels of efficiency and productivity.

4 Automate Purchasing.

The most successful manufacturers I speak with rely on automated purchasing so they know when to buy parts and in what quantity. The guessing game disappears, and manufacturers can spend most of their time improving price and delivery, decreasing inventory, and reducing obsolescence.

Automatically import and consolidate all work order and inventory information to make smart purchasing decisions with real-time data. Easily forecast future purchases based on customer history. Instantly see required purchasing actions when entering job changes into the system. Go totally paperless for even more cost savings. Of course, purchasing automation requires customization. Do I sound like a broken record yet?



**SAVE TIME BY MANAGING
ALL PURCHASING ACTIVITIES
FROM ONE SCREEN.**



5

Quote Quickly and Accurately.

The more jobs you can quote and the more accurate those quotes become, the more jobs you win.

It's that simple.

If you are an efficient manufacturer, winning jobs means profit and margin. The most successful and efficient manufacturers take all the guessing out of the quoting process by using an automated system for pricing and quoting anything they are manufacturing.

Quote with confidence by tracking job costs with precision. Review comprehensive quoting histories by part number, product or customer. Know the estimated versus actual costs and margins for every job that runs through your shop floor. Instantly access purchasing data to identify fluctuations and trends in materials prices. Again, since every business is different, automating your quoting process requires customization of your manufacturing software.

6 Have One ERP Integrated System

Maintaining separate payroll, accounting, CRM, inventory control and other discreet software programs wastes time and opens the door to inaccurate data. Lean manufacturers manage the entire manufacturing process with a single integrated system that handles all aspects of their business from quote to cash. Data is entered into the system or captured by the system one time and one time only. The information then becomes available, or is pushed to anyone in the company at any time, based on system security and permissions.

An [integrated ERP system](#) provides a central organizing hub for all the data required to manufacture your product, get it out the door, and handle the accounts receivable process. It makes all the systems and processes more visible, and puts all

employees on the same page at the same time with the same information. Employees can perform their jobs more efficiently and management can make better-informed, real-time decisions.

“

As one customer put it, “You don’t order cable, internet, and phone from three different companies when you can find one trusted partner that can do it all—and do it better.”

”

7 Reduce Spreadsheets and Paper.

It's a little-known secret that most manufacturers want to be tree huggers. Paper on the shop floor is slow. The more paper and spreadsheets on the shop floor, the more hunting, pecking, and lost time. Lean manufacturers increase efficiency by [reducing paper and spreadsheets](#). The integrated system notifies employees which job to run next, or the employees view real-time dispatch lists on the shop floor. No more asking supervisors for directions or hunting down paperwork. All the information regarding the next job is available at the touch of a button, click of a mouse, or glance at a screen.

Use [EDI \(electronic data interchange\)](#) to electronically receive purchase orders, job changes, job specs and other documents from customers and vendors. The data is automatically populated throughout your system, eliminating the need for manual data entry and paper copies. Every manufacturer is different, and the greater the degree of automation and paperless(ness), the more customization you need from your business software.



**THE MORE PAPER
AND SPREADSHEETS ON
THE SHOP FLOOR, THE MORE
HUNTING, PECKING,
AND LOST TIME.**



8

Maintain Accurate Inventory

Inventory often represents a “black hole” for cash flow. The most efficient manufacturers protect cash flow by knowing their inventory. Moreover, they integrate their inventory with all the other processes so they can manage it in a highly efficient and effective manner. This requires a single integrated system that offers all the functionality to keep your production line supplied with the right materials at the right time.

The most efficient manufacturers protect cash flow by knowing their inventory.

Easily track every aspect of your material needs, from detailed inventory data to bill of material (BOM) cost buildups. Review and analyze realtime inventory data for accurate management of production materials. Integrate your material ordering system with your inventory and usage by

setting up automated purchasing based on material requirements, planning functions, and purchase history. From multi-location inventory and history/usage reports to cycle counting and product line reports, material inventory tracking is made easier and more accurate with one point of entry.

9 Delight Customers.

Repeat orders happen when customers are serviced truthfully, quickly and accurately. When customers call or email to inquire about the status of an order, the last thing they want to hear is, "I will have to check on that." Lean manufacturers use a single integrated system and [mobile CRM application](#) to put all the information at the employee's fingertips so they can instantly answer customer inquiries and resolve problems.

Instantly access invoicing, job status, shipments and quoting data in real-time, for all areas of your manufacturing operation. Use "what if" scheduling to give customers quick answers when they request job changes or accelerated due dates. Help your customers work more efficiently by safely and securely giving them access to specific data regarding their jobs within your system.



**REPEAT ORDERS HAPPEN
WHEN CUSTOMERS ARE
SERVICED TRUTHFULLY,
QUICKLY AND ACCURATELY.**

10 Constantly Measure Your Business Health.

A fever is typically an indicator that your body is fighting an infection. If noticed early enough, you can limit the spread of infection and the impact to your day-to-day life. The healthy manufacturing customers I speak with all require the same awareness in their business. Each of them relies on [Key Performance Indicator \(KPIs\)](#) to get in front of moneymaking opportunities and money-draining challenges before they happen.

Measuring your business health through KPIs enables decision makers to:

- Practice evidence-based management
- Predict future actions and results
- Eliminate management by fire
- Encourage changes in thinking and actions

Access customizable graphs, charts, and reports to reviewed summary and detailed information regarding margins, product lines, sales trends, financial performance, and more. Create forecasts based on reliable data rather than gut feel. Review detailed historical data to determine appropriate product and customer mix. Analyze productivity reports to identify opportunities to cut costs and lean operations.



WITH THE RIGHT ERP SYSTEM IN PLACE, THESE “MUST DO’S” BECOME A WAY OF LIFE FOR YOUR ORGANIZATION, RESULTING IN LEANER OPERATIONS, IMPROVED EFFICIENCIES AND BETTER MARGINS AND PROFITS.



ABOUT THE AUTHOR

[Adam Grabowski](#) is the Director of Marketing at Global Shop Solutions. He is responsible for translating the company's business objectives into successful brand, marketing, and communication strategies to drive awareness, revenue, and loyalty.

To learn more about how to simplify your shop floor with EDI, call 1.800.364.5958 or visit www.globalshopsolutions.com.