

# 5 Must Do's To Fix Your Shop Floor

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Everyone in manufacturing knows increasing efficiency and productivity of both machines and employees is one of the largest factors in profitability.

**The more data you have about how your machines and employees are performing, the better decisions you can make and the more true your bottom line will be.**

The most successful and profitable manufacturers combine **ERP software** and technology to collect data, measure, and make decisions about their machine and employee efficiency and performance. The typical customers realize their quickest and largest return on investment by using **Shop Floor Data Collection** to accurately track direct and indirect shop floor labor. Our ERP software automatically records direct labor time for every employee and assigns any time not clocked into a job to various unaccounted time buckets. Reduction of unaccounted time and minimizing indirect labor are two key areas that provide immediate payback. The ERP software provides real-time reports and dashboards that allow you to make better manufacturing and specifically, labor allocation decisions.

Making fact-based and data-based decisions reduces cost on the manufacturing shop floor. How? Simply follow the 5 Must Do's to fix your shop floor.



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**MANUFACTURING  
CUSTOMERS CAN REALIZE  
THEIR QUICKEST AND  
LARGEST RETURN ON  
INVESTMENT BY USING THESE  
5 MUST DO'S.**

# 1

## Reduce Labor Costs.

ERP software improves direct labor reporting and reduces indirect labor costs by measuring how much time employees spend on a job. **Through barcoding, an employee simply scans into the job when they start work and scan out of the job when they finish.** Global Shop Solutions ERP software will apply overhead and direct labor to the jobs, calculate efficiency and productivity of employees and machines, and measure estimate versus actual charges. While both Direct and Indirect labor performance are measured, unaccounted time is also highlighted. Reducing unaccounted time will immediately increase efficiency and directly positively affect profitability down to the minute. Labor costs are minimized by evaluating efficiency and performance reports and using automating tools such as advanced scheduling and planning, which provide visibility to reduce labor costs through minimizing setups and better planning.

Previously, Global Shop Solutions customer CAP & Associates, Inc., a family-owned business that designs and manufactures store displays and custom fixtures, lacked accurate labor data. With Global Shop Solutions, labor tracking is automatic and mobile. Workers use the software on the shop floor to scan in and out of jobs, and the software electronically tracks the time. To determine labor costs for a job, managers have but to click the mouse a few times and the information appears on the screen.



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**“FOR THE FIRST TIME, WE HAVE REAL-TIME LABOR COLLECTION,” SAYS ANNETTE MCLAUGHLIN, PRODUCTION CONTROL AND IT MANAGER AT CAP & ASSOCIATES. “AT ANY POINT IN THE PRODUCTION PROCESS, WE CAN COMPARE THE DATA WITH THE ESTIMATES TO SEE IF WE’RE HITTING OUR NUMBERS.”**

## 2 Reduce Overtime.

Data from new customers has told us when manufacturers perceive the need to work overtime, it typically means that too many employees work overtime. This excess impacts profitability and margin. Global Shop Solutions ERP software dramatically reduces overtime costs by identifying the specific areas that need to work overtime and allows you to schedule only those employees rather than an entire department.

Cartoplastic, a family-owned business in Panama who makes a variety of office products and is another Global Shop Solutions customer, is easily able to track labor and machine capacity, a key element in reducing overtime. If you can't estimate the capacity of your plant, you can't know when to promise the product. According to Ramon Fabrega with Cartoplastic, Global Shop Solutions makes it easy to track machine usage in terms of time and availability.

For example, when a customer calls in with a rush order, Global Shop Solutions indicates how much capacity each machine has left for that workweek. This allows Fabrega to determine whether it will require overtime to get the job out on time, which enables him to accurately estimate the job and quote the right price while meeting the customer's requested delivery date.



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**ERP SOFTWARE  
DRAMATICALLY REDUCES  
OVERTIME COSTS.**

# 3 Lessen Employee Downtime.

## **YOU CAN'T DELIVER A QUALITY PART ON-TIME EVERY TIME IF YOUR EMPLOYEES DO NOT KNOW WHAT TO WORK ON.**

The employees at a typical Global Shop Solutions customer know exactly what they are supposed to be working on and when. Leveraging products like Dashboards that display the next sequence of jobs throughout the shop floor on large TVs, as well as our dispatch lists, to show an employee what to work on next, in real time, as they are clocking in and out of jobs throughout the day. There is no wasted time searching for lost job orders, fumbling through paperwork, waiting for materials to arrive, or standing around wondering what to do next. And as order requirements and priorities change, the dispatch lists are updated automatically. No need for the front office to chase down paperwork or update a job and notify the shop via email. The workcenter dispatch lists are updated in real-time.

Just ask our customer Bill Staber of Staber Industries who especially likes Dashboards that display real-time labor, material and production data on a large screen on their shop floor.

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Workers get a better feel for the overall workflow because all the orders are on display, they don't have to shuffle through a stack of routers to see what's coming up next. As a result, they can save time and be more efficient with on-demand and upcoming jobs by appropriately sequencing them at each workcenter.

*Bill Staber, Staber Industries*

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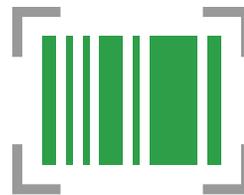
# 4 Accurately Cost Jobs and Estimates.

**YOU CAN'T DETERMINE THE TRUE COST OF A JOB UNTIL YOU KNOW ALL THE LABOR TIME INVOLVED.**

Without an integrated system to track all labor, overhead, and material expenses, manual systems are required, leaving management to determine the true costs of a job one or two days after the job is completed. With ERP software, customers typically close the work order on the same day the job is finished, with complete confidence that all costs are accounted for. The integrated system and real-time reporting from Global Shop Solutions ERP software provides the truth between estimating and actual results. By comparing the employee's time on the job with the estimate, our customers can assess the accuracy of their estimator and/or determine whether employees are performing up to the estimator's expectations.

At Frederick's Machine & Tool Shop, Inc., who manufactures and repairs a wide array of parts for the oil & gas industry, Controller Ovide Mercure launched several changes to improve the ability to track production data.

He installed [barcode stations](#) and scanners on the shop floor to capture labor time more accurately. These enabled the company to eliminate the manual time cards by having operators electronically log into workcenters. For the first time, managers could see exactly how much time people had on each job and whether the quote aligned with actual performance.



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**“NOW WE CAN DETERMINE OUR TRUE COSTS AS SOON AS A JOB IS FINISHED,” SAYS MERCURE. “SUPERVISORS SIMPLY PRINT THEIR WORK ORDER DETAIL REPORTS AND THE COSTS ARE RIGHT THERE FOR ALL TO SEE. HAVING THIS DATA ALLOWS US TO ANALYZE OUR QUOTING AND PRICING TO MAKE SURE WE’RE CHARGING WHAT WE SHOULD FOR EVERY JOB. IN THE PAST, WE MOSTLY GUESSED.”**

# 5 Increase Accountability.

**YOU CAN'T MANAGE WHAT YOU DON'T KNOW.**

Employees want to perform well, but without accurate feedback employees have no real way of knowing their overall performance. When you measure employee, machine, and department performance with ERP software, areas that need improvement are distinctly highlighted. Typical Global Shop Solutions customers experience reductions in unaccounted and indirect time of 10% to 12% just through measuring alone. What would you do with 12% more efficiency?

Justrite, a global leader in the spill containment industry, uses our ERP software to improve their shop floor tracking and the accountability of each employee.

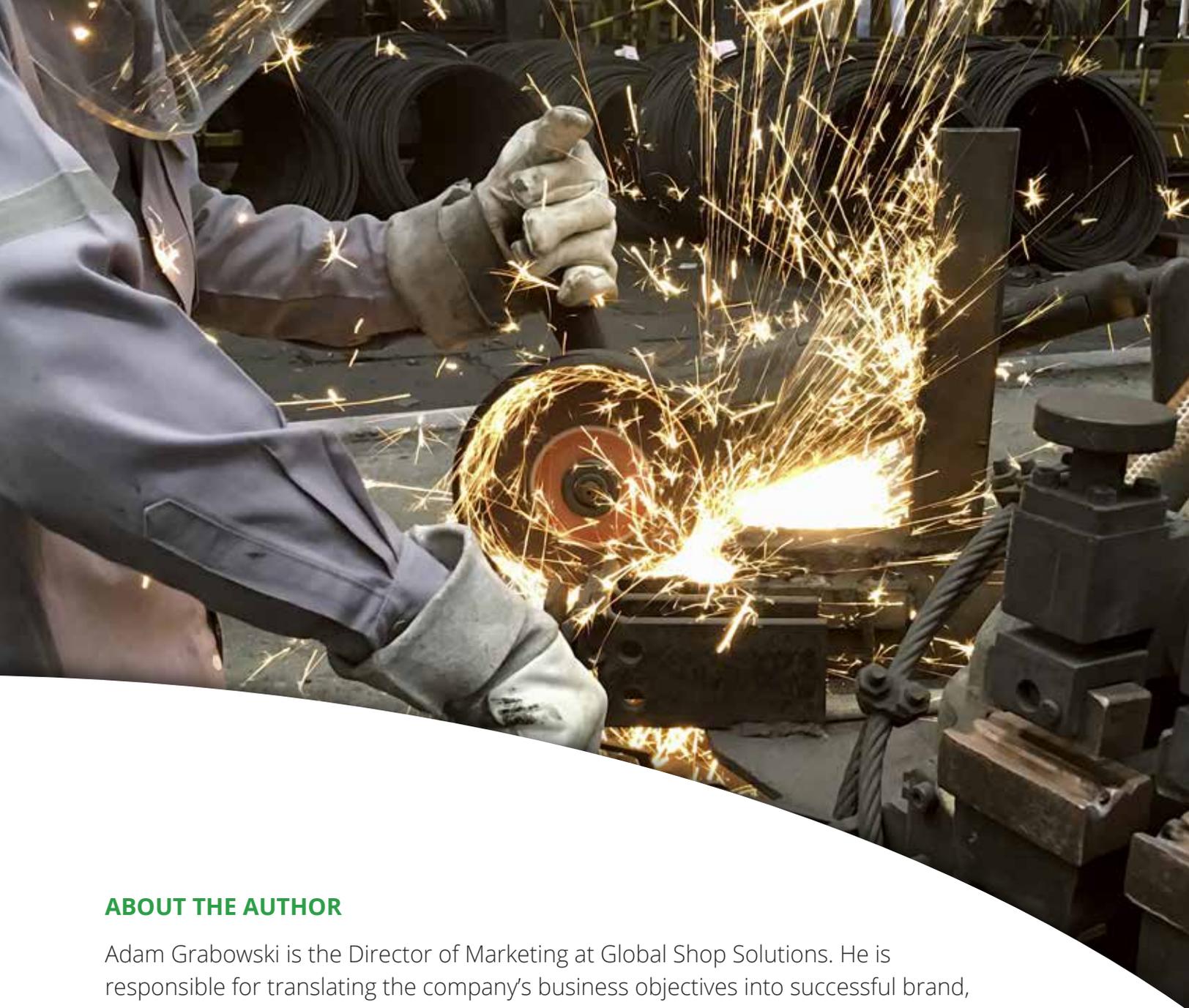
↓ 12%

**GLOBAL SHOP SOLUTIONS CUSTOMERS EXPERIENCE REDUCTIONS IN UNACCOUNTED AND INDIRECT TIME OF 10% TO 12% JUST THROUGH MEASURING ALONE.**

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With Global Shop Solutions, when employees pick up a router and log in on the job, they know exactly how much time we've allotted for that particular operation," says Russ Guffee, Vice President and General Manager for Justrite. "This ability to hold people more accountable for their time has generated improved efficiencies and cost savings.

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## 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 the 5 Must Do's to Fix Your Shop Floor, call 1.800.364.5958 or visit [www.globalshopsolutions.com](http://www.globalshopsolutions.com).