

Lessons Learned During the First Year With a New ERP System

ONE MANUFACTURER'S STORY

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About Heat Treatments Ltd

Headquartered in Auckland, New Zealand, [Heat Treatments Ltd](http://www.heat-treat.co.nz) is a third-generation family-owned company specializing in heat treatment of steels and alloys for manufacturers in New Zealand and around the world. The company also provides manufacturing, grinding, and machining services in a ISO9001 certified machine shop. Situated in Mt. Roskill, just south of Auckland, the plant serves as a reliable one-stop sourcing solution for manufacturers needing specialized engineered parts.

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They say that the first year of using a new [ERP software](#) is the toughest, and to some extent that can be true. After going live you'll face a number of challenges, expected and unexpected, and likely hit a few speed bumps along the way. But with the right ERP provider your first year goes smoother, the results come quicker, and your return on investment soon becomes evident.

At Global Shop Solutions, we'll be there when you need us – throughout the first year and beyond. When our new customers look back on the first year, they generally feel a deep sense of accomplishment. The lessons learned during the first year have given many the confidence to set new goals that might previously have seemed unattainable. Others say the experience literally transformed the business. If you're worried that the difficulties of using ERP outweigh the rewards, our customers will tell you otherwise.

Hitting the Ground Running From Day 1

Heat Treatments went live with Global Shop Solutions ERP software in November of 2019, setting in motion numerous improvements in the business. A year later, we spoke with the company's General Manager, Fergus Thomson, who shared his thoughts on the challenges faced and the results produced during the first year of this fully integrated ERP system.

Global Shop Solutions: **Tell us about your experience with Global Shop Solutions ERP software during the first year.**

Thomson: It was challenging in many ways, but also very rewarding. We didn't have the time or resources for a dedicated project team, so our ERP team had to do our regular jobs while learning to use the system and teaching everyone else. Setting up the ERP software for two very different business activities added to the difficulty, but the software's ability to handle multiple business streams made it far less challenging than it could have been.

The first year was like one long-term change project. Implementing Global Shop Solutions required refining many of our production processes, including scheduling, labor costing, managing inventory, quoting jobs, and more. It took a while to get used to doing things differently, but as we got comfortable using the software, we began to see tangible results in many areas. This required a lot of on-the-job learning, but the folks at Global Shop Solutions were there when we needed them, providing support, helping resolve problems, and helping us set up the system to work the way we need to work. By the end of that first year, we were very pleased with the progress we made and looking forward to new improvements in our second year.

Global Shop Solutions: **How has Global Shop Solutions ERP software improved your manufacturing in the last year?**

Thomson: The system is a perfect fit for the manufacturing side of our business. The ability to map and track work within the machine shop allows us to [capture labor and job costing](#) with much greater accuracy. We've also made significant gains in scheduling and inventory management. As a result, we've become far more reliable with our delivery expectations to customers.

On the heat treating service side of the business, the flexibility and customization of the software has been a real game changer for us. The [Global Application Builder \(GAB\)](#) allows for some customization within the software rather than having to bolt on third-party applications to do what we need. We now have much better insight into our cost structure on both sides of the business.

Global Shop Solutions:

What were your expectations with the ERP system through your first year?

Thomson:

For the most part, the system is doing what we hoped it would, which was manage our direct resources – staffing costs, equipment, and machine tools – more effectively. We've seen real benefits in terms of operational improvements, and we have the productivity tools in place to improve measurement of estimate vs. actual, which is critical for getting our pricing and costing in line.

As we continue to get better using the software, it will allow us to manage a lot of the services and indirect business activity, while allocating those costs to the appropriate workcenters and activity areas. Global Shop Solutions is a great tool. We're very satisfied with our decision make it our ERP system, and pleased with the direction we've taken.

Global Shop Solutions:

What have you learned in the past year about your business, your employees, and the software?

Thomson:

I learned that using ERP requires a culture change, which I didn't fully anticipate before going live. I also learned there's a positive and negative to the change. At the shop floor level, some people required time to understand the importance of accurate time capture and get into the habit of doing so. On other hand, Global Shop Solutions has given the next level up more control and insight into job and service delivery. Implementing ERP involves more than just the dollars and return on investment. It changes the way people work, and that needs to be taken into account when getting shop floor personnel to buy into the new system.

Global Shop Solutions:

How is your company better off with this ERP system than it was a year ago?

Thomson:



We're starting to improve margins, and product and service profitability in both areas of the business. We now have the confidence to reprice much of our work because we can better gauge our actual costs for each job.

We're providing better service to our heat treatment customers through customization and visibility on jobs as they move through our shop. We have retained a good understanding of [inventory levels](#). We know the status of sales order, work orders, and jobs in progress at any given time.

Global Shop Solutions: **What Global Shop Solutions resources have you relied on the most during this first year with your ERP software?**

Thomson: Training opportunities, our Customer Success Manager, online resources, technical support – you name it and we used it. The Customer Success Manager’s knowledge of the system and ability to solve problems has been a big help. The online videos and training, as well as the resources available through the support staff, were very helpful. Global Shop Solutions provides a lot of great tools before, during and after Go Live, and we continue to use them.

Global Shop Solutions: **Now that you understand the basic applications, are you planning on exploring new applications within Global Shop Solutions?**

Thomson: We have already begun this process, starting with customizing some processes and reporting using GAB and [Dashboards](#). We’re exploring the use of software [integrations](#) such as Microsoft Power BI to get good data out of the system. We plan on rolling out [TrueViews™](#) to make live data accessible to everyone on the shop floor. We didn’t have these options available with our old ERP solutions. We’re excited about launching these new projects to enhance our use of Global Shop Solutions.

Global Shop Solutions: **What has been the biggest challenge since going live?**

Thomson: The lack of dedicated, internal project leadership – people who could fully commit themselves to planning and guiding the implementation process – was probably our biggest weakness. Global Shop Solutions provided a good planning outline, but we struggled with having a clear step-by-step view of what needed to happen in the context of our business. We own some of the responsibility because we didn’t have the resources to meet my timeline expectations. Fortunately, Global Shop Solutions provided some resources that helped us work through this challenge.

Global Shop Solutions: **Can you give us a specific example of how Global Shop Solutions helped you this past year?**

Thomson: I use the software mostly to get an overview of what's going on in the business rather than performing specific jobs or functions. So, I'll give you an example of how our planner uses it. We are starting to rely on the [Advanced Planning & Scheduling \(APS\)](#) application to address some of our customers' expectations, such as special exceptions on lead times. But we're still in the process of learning to use its many features and capabilities.

Our planner has used Friday Features (live webinars on core features within the system), the Global Shop Solutions University, and help from the Customer Success Manager to bone up on APS system settings and learn how to use them most effectively. Without those excellent resources, we wouldn't have been able to get APS up and running. Now, when customers request exceptions on lead times, our planner can look at capacity and loading to determine if we can meet the request. We're still learning all APS can do, but we're on the way to seeing the full benefit of the tool.

Global Shop Solutions: **Going into year two, what is your biggest takeaway from year one?**

Thomson: Realizing we're just starting on the journey, and that we can get a lot more out of the system through new initiatives and more training. We regard Global Shop Solutions as potentially evolutionary for our business in terms of what we need to do to remain competitive. It is definitely a big part of that change process.

Global Shop Solutions: **What advice would you give people who are about to start year one with their ERP software?**

Thomson: Be prepared. Make sure you have the in-house resources or project leadership who can give their full attention to what needs to be done. Make sure the data transitions are well defined and well managed, so you don't have to do a lot of data auditing after cutover. Expect a few speed bumps along the way.

Most important, keep at it and you will get there. We went live with two business streams and integrated financials all at once, and we did it without a project team. Yet, when I look back, I think we did pretty well. No matter what challenges arise during the first year, the end game is worth it.



ABOUT THE AUTHOR

Ryan Fisher is the Director of Business Development for Global Shop Solutions' Australia and New Zealand office. Ryan leads a team of Operations and Financial Consultants and Project Managers in the implementation, launch and continued refinement of Global Shop Solutions ERP software for new and existing customers. Ryan has earned a Masters of Engineering from Case Western Reserve University and has more than 7 years' experience with ERP software.

To learn more about ERP implementation, call 1.800.364.5958
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