



Executive Brief

## Production for Profit

Drive operational excellence through customer-driven innovation in the fabricated metal products industry



How you can benefit from an industry-specific, next-generation ERP solution:

- Increase profits and reduce costs.
- Improve productivity to get products to market faster.
- Streamline processes throughout your organization.
- React quicker to business changes.
- Make decisions faster.

## Increase the speed of business.

Fluctuating raw materials costs and prices, as well as increasingly complex supply chains and greater competition from manufacturers in countries with lower-costs, are putting more pressure on fabricated metal products manufacturers than ever before. Despite these challenges, you need to maintain the fast pace of innovation and get your products to market faster, while still maintaining a healthy profit margin.

In order to stay competitive in today's market, you have to increase the speed at which you do business. This means streamlining, standardizing, and speeding up your planning, forecasting, and production processes. It means collaborating more closely with your customers to more quickly meet their demands. It means improving the visibility into processes throughout your organization to allow faster decision making. It means making the right investments to improve your overall operational efficiency.

Achieving operational excellence allows you to increase the speed at which you can do business and compete. And you can do this by embracing a next-generation enterprise resource planning (ERP) solution that is specifically designed for the fabricated metal products industry.

Important information for senior executives and managers in your organization who are responsible for making key business decisions in the following areas:

- Engineering
- Finance
- Operations
- Manufacturing
- Sales
- Supply chain management

## Optimize production to improve profits.

The best way to combat the volatility in raw material costs and fluctuating metal prices is to implement operational improvements in production and productivity. You can do this by improving your organization's ability to understand market demands with better planning, forecasting, and scheduling tools. Without access to proper forecasting and demandplanning tools, fabricated metal products manufacturers are typically too far down the supply chain

to get a good sense of the needs of the market, and therefore less able to fulfill customers' changing needs in a timely manner.

You can also optimize production by implementing lean processes. By streamlining processes across your entire organization, you can simplify your operational complexity, improve efficiency, and free up your workers to focus on more critical tasks. Regardless of your mode of manufacturing (including mixed mode manufacturing, such as repetitive- or engineer-to-order on the production floor), maximizing the utilization of resources is critical to maintaining margins.

By optimizing production, you'll create a more flexible ordering environment and be able to more quickly meet your customers' complex needs for new and changing configurations. You'll also be able to make more accurate delivery predictions to your customers.

## Adopt customer-centric product development.

According to an IDC Manufacturing Insights survey, 71% of manufacturers expect market complexity to increase, and 61% expect operational complexity to increase as a result.<sup>1</sup> For fabricated metal products manufacturers, much of this growing complexity stems from customers demanding a wider range of products, increased customization, and even the production of entire systems (as opposed to just single items). This is forcing a more customer-centric product development process based on project-based production, where products are engineered-to-order.

To quickly adapt to these changes, you need to be flexible enough to manage and adjust rapidly to evolving customer requirements. Therefore, your solutions should include product lifecycle management (PLM) functionality that let you easily manage the entire lifecycle of your products, and engineering change control systems that allow you to quickly evaluate and implement product design changes.

Your solution should support:

- **Collaboration:** Increase efficiencies and speed up decision-making by giving your customers direct access to the product-development process.
- **Configurability:** Grow profits by meeting customer demands for an increasing variety of product configurations and higher levels of customizations.

- **New product development and introduction (NPD):** Consistently meet customer demands by quickly developing and introducing new customer products with an end-to-end product lifecycle process.
- **Quality management:** Reduce time to market by ensuring product compliance and improving quality throughout production.
- **Integration:** Tightly integrate your engineering, sales, and production departments to increase the number of customer orders you win. Manage the process of change control across the entire organization.

## See inside your business.

Access to relevant information sources across your business can give you complete visibility into your organization's processes and workflows. With the ability to quickly and easily search, discover, aggregate, and analyze data from multiple systems, you can run your organization more efficiently and make more-informed decisions faster. To better utilize this level of business intelligence and reporting, your solution should support:

- **Real-time data:** Speed up decision-making and respond faster to problems, opportunities, and changing business needs with business information available in real time.
- **Dashboards:** See relevant information specific to your needs and role (without being inundated with information that you don't need) with purpose-built dashboards that can be further configured by the user.
- **Alert and exception management:** React faster and make decisions anywhere, anytime with contextual business intelligence from all of your business systems, proactively pushed to your desktop or mobile devices, 24x7.

There needs to be some radical changes in the capabilities ERP systems provide to meet today's decision-making requirements. Improvements in business visibility and collaboration will help drive companies through the challenges of today's complex manufacturing environments to achieve operational excellence.

## Drive operational excellence with next-generation ERP.

Achieving operational excellence is the key to increasing the speed of business. According to IDC, however, many manufacturers experience barriers to attaining such efficiencies.<sup>2</sup> In particular, an *inability to rapidly adapt to business process change* is ranked as the top barrier,

**"With Infor's next-generation ERP solution, we can now confidently quote, make, and deliver our products faster than any of our competitors, which counts for a lot. We're confident in our speed and quality."**

**—Chuck Baugh,  
Vice President and COO, Overly Door**

among a number of issues that contribute to a slower pace of business and highlight that manufacturers aren't as agile and responsive as they need to be. IDC reports that manufacturers identify these as the top barriers to improving operational excellence:

- Inability to rapidly adapt business processes to change
- Ineffective or inadequate IT systems
- Lack of accurate and timely information
- Management of complex manufacturing operations
- Difficulty in collaborating with suppliers, trading partners, and customers
- Availability of skilled resources
- Lack of funds to implement changes
- Inability to consistently deliver on time
- Inability to accurately predict customer demand
- Management of complex global supply chains

*Ineffective or inadequate IT systems* is ranked as the second-most common barrier to improving operational excellence. Manufacturers who use ERP solutions typically utilize systems that focus primarily on financial and back-office functionality. What these generic, transactional ERP systems lack is the ability to properly plan or schedule for a mixed-mode manufacturing company, and manage critical manufacturing areas such as punching, cutting, bending, stamping, forming, finishing lines, and more. You need more than just a financial system to support these critical operational processes. You need a solution that also supports other critical areas of your business, such as product lifecycle management, customer order management, quality management, and supply chain management—processes that mirror the unique

requirements of what you need as a manufacturer of fabricated metal products. As a result, you may have had to undertake heavy software customizations over time in a costly attempt to meet your specific industry needs.

IDC Research also shows that manufacturers believe that their systems are ineffective in providing access to *accurate and timely information* to support strategic and operational decision-making and don't offer the collaborative features they require. Manufacturers are therefore looking to their ERP systems—the IT centerpiece of today's manufacturing organization—to form the foundation of a decision-making environment in order to drive operational excellence.

IDC's essential guidance is that ERP systems need to be more operational and refocused on optimizing processes that create competitive advantage for manufacturing companies. Consequently, manufacturers should place emphasis on obtaining functionality that supports critical processes. In this case, this means implementing solutions that are specifically designed for the fabricated metal products industry and ERP systems that require near-zero customization—which should deliver greater speed to market and faster time to value. The Aberdeen Group reports that top-performing manufacturers are 70% more likely to implement ERP solutions that encompass the full scope of an organization's processes (including financial and operational processes).<sup>3</sup> Manufacturers should also look to modernize IT architectures and leverage what IDC refers to as the four IT forces: mobility, social technologies, big data analytics, and cloud computing.<sup>4</sup>

ERP systems that incorporate these technologies allow

you to automatically and proactively push information to key stakeholders in real time, increase decision-making capabilities, improve operational efficiency, and speed up the rate of business.

## See results now.

With an industry-specific, next-generation ERP solution that takes advantage of new technologies, you can:

- Increase profitability and reduce costs.
- Improve production productivity.
- Streamline, accelerate, and standardize business processes.
- Respond faster to business changes.
- Get new products to market faster.
- Improve manufacturing schedule compliance.
- Improve on-time and complete shipments.
- Improve collaboration with customers.
- Improve inventory accuracy and reduce inventory levels.

<sup>1</sup> Pierfrancesco Manenti, In Pursuit of Operational Excellence: Accelerating Business Change Through Next-Generation ERP (IDCW47T), IDC Manufacturing Insights, January 2012, p. 6.

<sup>2</sup> Pierfrancesco Manenti, p.9.

<sup>3</sup> Kevin Prouty and Nick Castellina, ERP in Manufacturing 2011: Defining the ERP Strategy, Aberdeen Group, July 2011, p. 2.

<sup>4</sup> Pierfrancesco Manenti, p.14.



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