

ERP Solution HELPS MARTINREA

“A book I once read drew an analogy between inventory levels in a plant and water levels in a lake,” said Andre La Rosa, corporate IT manager for automotive supplier, Martinrea of Vaughn, Ontario. “The lower the water level in a lake, the more a ship is at risk of running into reefs. And, in a plant, the lower your inventory levels, the less margin you leave yourself for error. So, when you lack necessary controls in your core areas of business, you end up having to raise inventory levels to buffer yourself from risk.”

In other words, measure a plant's inventory levels and you can often get a pretty good gauge of management confidence.

Nowhere is this more evident than in the automotive industry. Missing a shipment or otherwise causing an OEM to shut down its production line can result in the supplier paying stiff penalties.

The OEM needs to receive an Advanced Shipping Notice (ASN) within a half hour of the time their driver signs the bill of lading at your dock in order to remove the risk of damaging your supplier ratings for any new business with that customer in the future. In the automotive industry, suppliers must meet stringent OEM requirements or they simply do not survive.

Supply Chain Challenges

Such is the challenge facing suppliers within the automotive supply chain. While they must meet performance demands they must also wrestle with the relentless pressure from the same customers to reduce their price. Now, more than ever, suppliers must find ways to manufacture high-quality components efficiently, optimize resources and reduce inventory in order to control costs, so they can meet their customers' performance expectations and their pricing dictates, while still making a profit.

Martinrea found that they too needed to successfully master the dual challenges of performance and cost-control. Through organic growth and acquisitions, the Tier-One supplier of automotive components has grown from a five-plant, \$40 million company to a 17 plant, multinational concern employing more than 3,000 worldwide and generating \$600 million in annual revenues.

La Rosa attributed no small portion of this success to the decision 18 months ago to implement an Enterprise Resource Planning (ERP) protocol. They chose to implement CMS Manufacturing Systems' ERP solution, CMSi5, in most of their plants. This software provided front office and shop floor functionality and support for flexible order fulfillment and compliance with QS9000 and ISO9000 quality standards.

It also addressed the business challenges commonly found in supply chain-intensive industries via critical capabilities,



for example, EDI/release accounting, container serialization and a whiteboard scheduler. CMSi5's ability to track resources and materials in real time also enables manufacturers to reduce costs from receipt of raw materials to finished-goods shipping.

“CMS has certainly assisted each plant in streamlining its business,” said La Rosa. “Before installing CMS, and before we instituted some major reforms in our production reporting practices, our plants were storing over one week's worth of inventory. Without the proper reporting and tracking controls, people in our shipping departments would be chasing inventory and running to production managers to locate finished goods instead of getting trucks loaded and on the way. Things would inevitably fall through the cracks, and we'd end up getting hit with a sub-par performance report.”

La Rosa firmly believes that Martinrea's ability to control inventory, report production and solidify of all of its core areas of business has been key.

“Now, with CMS, each plant's general manager has much more of a comfort level decreasing inventory levels, so they're really beginning to maximize efficiencies. Shipping knows what to ship because it now has accurate inventory; shipping knows what's on hand and where to pull from. Purchasing knows what and when to buy because inventory levels are much tighter. And the tie-in between customer requirements and inventory on-hand gives them a much more accurate snapshot of what's on the floor. This is an extremely reliable guideline for purchasing raw components.”

For more information, visit www.martinrea.com and www.cms400.com. ■

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