

The must-haves

Supply chain intensive manufacturing (SCIM): Business in a zero-tolerance world



Each day, suppliers in industries ranging from automotive to food processing wake to the hard cold reality of unforgiving customers demanding on-time delivery, flawless order accuracy, comprehensive traceability and unmatched quality. These requirements, combined with the ongoing bottom-line pressure to cut costs and perform financially for their stakeholders present suppliers with a stark choice to either evolve or die.

Welcome to the zero-tolerance world of supply chain intensive manufacturing (SCIM), where the rule of survival is straightforward: meet customer expectations – every time. But how? How do these manufacturers reconcile that mandate with two other seemingly conflicting goals - lower costs and higher profits?

They must become leaner. They must demand more from their people, their processes and their systems. They must continually adapt by enhancing their capabilities with specialized tools. In a SCIM environment, one of the suppliers' most valuable tools is technology, specifically ERP technology.

Through their ERP solution, these manufacturers must have immediate collaboration with their trading partners via EDI to ensure order accuracy and on-time delivery. They must have the ability to track inventory and production in real time in order to reduce costs and optimize their human resources, machines and processes. And they must also have the ability to measure and track quality, incorporate engineering changes and trace raw materials from source to final destination.

“Must” is a key word in the SCIM lexicon, but not all ERP providers offer a “must-have” level of manufacturing-specific functionality, and fewer still deliver it to their customers in a single, fully integrated out-of-the-box solution. Perhaps surprisingly, many of the best-known names - the so-called tier-one providers – fall short on both counts. Their solutions are all-purpose horizontal backbones developed and sold as-is with universal features as relevant to the requirements of the insurance industry as they are to the manufacturing industry. In order to achieve any level of manufacturing-

specificity their solutions require heavy modifications and rely on vertical 'best-of-breed' plug-ins.

Many manufacturers find this model to be unwieldy and unjustifiable. Given the integration, maintenance and long-term staffing requirements inherent in managing such systems, the long and short-term costs become prohibitive, particularly for companies with lean IT staffs and budgets.

For the past 18 years, CMSsoftware, a Toronto-based developer of ERP solutions, has focused on developing ERP solutions with the functionality required to address the fundamental issues facing manufacturers operating in a SCIM environment. Brian Angle, CMSsoftware's VP of sales and marketing, says his company has carved a solid and expanding position in the market by recognizing the pressures inherent to manufacturers in the SCIM environment and offering an alternative vision to the "best-of-breed" approach.

"Functionality is of marginal value if it cannot be quickly, easily and fully utilized and assimilated so deeply into a manufacturer's planning and processes that it becomes an organic part of their business operations," says Angle. "CMS offers customers all the targeted function they need in a single solution, right out of the box - with no major enhancements and few, if any, third party add-ons. There are no major integration issues; therefore, no outside consultant fees. And it takes fewer people to run the system, resulting in a lower long-term cost of ownership. And because all the enterprise functionality they need is designed into the product, our customers can more easily exploit its manufacturing and distribution functionality. They can optimize their resources, maximize their efficiency, reduce costs and meet their customers' expectations."

Victor Manufacturing, a CMS customer and tier-one supplier in the exceedingly demanding automotive industry, tests this promise daily. "On-time delivery, inventory accuracy, machine efficiency, labor accountability and serial traceability - we needed a tool to measure these items and improve upon them," said Andy Hrasky, controller at Victor Manufacturing. "Our business is fabricating metal parts, and any man-hour spent on the shop floor standing at a computer terminal or manually tracking inventory or production is non-value added. So, with CMS' integrated

tracking and labeling capabilities, we ended up with a system that made us more efficient, and in our industry efficiency in reacting to our customer's changing needs is key."

According to Hrasky, that principle applies not only to Victor, but to its vendors as well. "CMS breaks down the walls between our business and our customers and vendors. With its integrated EDI, CMS gives us valuable visibility to incoming and outgoing transactions with our customers and the means for immediate communication of vendor shipping schedules, material releases and advance shipping notifications (ASN)."

That level of vertical integration is key. Vertical integration allows every change in a customer's business to seamlessly ripple down its supply chain—through its direct suppliers' enterprises, and all the way down to tier-2 and tier-3 vendors. In Victor Manufacturing's case, the ideal would be that each trading partner in the supply chain is empowered with the ability to synthesize technology, information and business processes among all the other trading partners up and down the supply chain, with ERP being the technological hub through which all business critical information flows.

Victor Manufacturing's Hrasky explains: "The extent of supply chain control we can exercise is a function of the amount and quality of the information we are able to collect, organize, analyze and share, both within the four walls of our business and with our trading partners. We do that through CMS' ERP solution. Our ability to monitor every department is enhanced through real-time visibility of all critical data - from the shop-floor to the stock-room and front office. That visibility is critical for benchmarking, trend analysis and game-planning. We believe that leads to better supply chain decisions every day." □



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