

6 Brilliant Ways Steel Service Centers and Metal Fabricators Build Profits with Modern Business Systems

RealSTEEL™



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Across industries, business leaders are coming to the understanding that harnessing data is essential to their future. More than most industries, Steel Service Centers and Metal Fabricators can benefit from accurate data they can use to make better decisions and drive the business.

When you work in the metals industry, you know there is no such thing as business as usual. Volatile metal costs, quality variance, tight margins and short lead times make every day a new adventure. The sheer quantity of variables is more than the human brain or any spreadsheet can manage.

There are Steel Service Centers and Metal Fabricators that are mastering data and processes brilliantly. They are using modern business management systems to increase productivity, control costs and take on the competition. In this white paper, we'll show you how forward-thinking companies are building profits through:

1. Accurate costing
2. Inventory control
3. Automated workflow
4. Centralized information
5. Increased throughput
6. Fast ROI with easy user adoption

Continue reading to see how you can build a better future for your business.

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Accurate costing

Every metal fabricator and steel service center employee knows the refrain, "we live and die by the decimal." The fundamental profitability of the company is dependent on accurate costing to price your products correctly.

Challenges

Accurate costing is a complex challenge in this industry, dependent on variations in gauge, coating, tensile strength and more, plus the added unknown of actual yield due to imperfections. Short lead times that require substitution of materials make the process even more difficult. If, like many businesses, you are tracking costs through spreadsheets, the numbers are static, prone to error and time intensive.

Solution

With an inventory system that tracks all of the attributes and variables that affect your final costs, production managers can make better decisions and salespeople can negotiate with confidence. To-the-decimal costing requires:

- Yield calculations made at purchase time and updated throughout the manufacturing process to reflect variance
- Support for complex cost calculations based on the high variation of material attributes (gauge, coating, tensile strength, etc.)
- Insight into value added services profit potential

Dependable, real-time costing information gives metal fabricators and steel services centers the competitive edge to focus on profitable contracts, price rush jobs appropriately and fine-tune estimating models.

The cutting edge

A steel finisher wanted to expand into an industrial sector that they had not previously served. They knew that their end products would be far superior to the current imported beams being used. Pricing would be competitive, so they needed to be able to negotiate with confidence.

Through the implementation of an integrated inventory system that supports complex cost calculations based on multiple material attributes, the company established reliable bidding models for standard beams in the new industry that would be competitive and assure profits.

Inventory control

The range of raw materials inventory—from gauge to tensile strength—that you have to purchase in addition to the variations in the products that you build-to-stock or build-to-order makes inventory control especially complex to manage.

Challenges

Accounting systems that weren't designed to handle such a high number of attributes and variables simply can't provide accurate real-time information on inventory availability. This makes it very hard for your sales people to promise with any degree of confidence, especially on short lead times. When production comes to a halt because of unexpected low yield, costs go up and satisfaction goes down.

Solution

To accurately reflect your inventory—from raw materials to WIP to finished goods—you need an automated system that can track dimensions and attributes as well as update based on variance. Through the integrated data and analysis tools of a modern business management system, you take control of inventory with:

- Automated data collection to improve productivity
- Predictable warehouse management to maximize efficient use of space
- Parent/child lineage traceability to support compliance with regulations
- Isolated inventory for customers with negotiated availability agreements

With accurate inventory control, your sales team can negotiate with confidence, your production manager can stay on schedule and your warehouse manager can reduce the number of rush shipments in and out. Better control, higher profits.

The cutting edge

A metal building fabricator, specializing in church structures, was getting a reputation for missing promise dates. Since the building fabricator got most new business through word of mouth, a bad reputation in a tight-knit community was troubling.

By implementing a business management system, including barcoding, the company was able to track every steel roll from the time it was ordered until it was manufactured. Knowing exactly what they had in stock, the fabricator was able to keep ample raw materials on hand to improve on-time deliveries.

Automated workflow

One of the most important benefits that companies realize from a new system implementation is the productivity improvements that come through workflow automation. With success comes the added complication of more employees involved in a growing number of transactions. Mistakes happen, and customer service suffers.

Challenges

When your business systems can't keep up with today's demands, employees find ways to work around the system to get their job done. Spreadsheets become standard operating procedure which decentralizes data, increases the opportunity for errors and requires duplicate entry into the accounting system.

Solution

A fully integrated business management system simplifies and automates processes in line with the actual operations of the organization. Workflow automation eliminates unnecessary or repetitive business processes that keep your employees from doing more important work by supporting:

- Purchase order processing with approvals, backorder alerts and special order handling
- Barcoding systems that optimize inventory process flow from end to end
- Standardized processes that eliminate workarounds by making tasks easier rather than harder

Data centralization and productivity improvements should be the true drivers of technology updates. Workflow automation eliminates unnecessary or repetitive business processes to allow employees to focus on income-producing work.

The cutting edge

A metal service center outsourced specialized processing to one of their distributors. The legacy accounting system that the service center used did not support outsourced production, so orders were managed through spreadsheets.

As the number of customers needing the specialized processing grew, the risk of error by managing transactions through spreadsheets became too great. The metal service center implemented a modern system that routes service orders, whether outsourced or processed in-house, and sends alerts when any step in the workflow is delayed.

Centralized information

The amount of data that your business generates is growing at an extraordinary pace. But more data is not helpful unless you can put it in a form that your employees can easily understand and use for better decision making.

Challenges

Information overload can keep employees from focusing on what's really important so they miss critical trends or indicators of a problem. This is especially true when your data is spread across multiple systems with no way to see an order from entry to delivery or inventory from shipping through production.

Solution

A fully integrated business management system designed specifically for Steel Service Centers and Metal Fabricators can deliver the detailed, accurate data your employees need, such as:

- Consolidated order and inventory data, from receiving through production to the warehouse
- Cost and availability of inventory delivered to sales reps in the field
- Business intelligence that provides accurate feedback on the results of new channels, new service offerings, or expanded operations

With fully integrated information across the organization, your employees can react quickly to changes in yield, fast-tracked orders, delivery schedules and customer service requests.

The cutting edge

A steel bar machining operation with multiple production facilities had no centralized view into inventory across locations. During a year-end stock count, the company determined that inventory was up by 40% while sales had only increased 25%. Plant managers were overstocking to avoid any shortages.

By updating their business management system plant managers were given insight into inventory across locations. With confidence that they could pull in stock from other facilities, they cut back inventory to more closely match forecasts.

Increased throughput

When machinery is idle because inventory came up short or there were errors in scheduling, the costs add up quickly. To get the maximum value from all resources, keeping production going at full speed is a high priority.

Challenges

The manual systems and workarounds that have evolved to handle what your current systems can't do prevent employees from being as productive as they could be. In today's competitive environment, you need machinery.

Solution

Increase throughput with workflow automation and data shared across production and warehouse. With a fully integrated business management system, you can automate processes across departments to eliminate bottlenecks and double entry. Some of the processes that benefit most from workflow automation include:

- Maximizing productivity of machinery and people through optimized resource utilization
- Bar coding for work-in-process and finished goods to eliminate paper systems and clip boards
- Full support for the specialized needs of service delivery, including project management

Workflow automation and shared data keep everyone on the same page. Resources are scheduled fully with support of the inventory needed to keep things running smoothly.

The cutting edge

Supporting two shifts, a steel service center was managing machine production schedules through spreadsheets and chalk boards on the shop floor. When lower grade materials required longer processing runs than normal, the schedule had to be reworked by hand. The system was inefficient and impacting profits.

By automating production scheduling, the service center increased throughput to keep machines working at maximum capacity.

Fast ROI with easy user adoption

User adoption is incredibly important when implementing a new business management system to achieve ROI quickly. If the system is difficult to use, employees will fight the change and prolong the implementation.

Challenges

While the legacy systems that you use today are likely complicated and inflexible, employees are used to them. Workers often resist new technology, preferring to make do with the workarounds they have already established.

Solution

One of the benefits of implementing Microsoft Dynamics NAV is the familiarity that employees have with Microsoft products. Faced with a big change in their operating processes, the Microsoft name puts employees at ease. Businesses that implement Microsoft Dynamics NAV find:

- The easy-to-use interface that works like Microsoft Office takes less training time than most business management systems
- Full integration with Microsoft Office products simplifies the transition to new forms and reports
- Fast, easy integration to your existing technology systems speeds up the implementation to deliver ROI quickly

As the gold standard of business software, Microsoft solutions help to ease the transition to a new system. Training goes faster, and employees have confidence in their ability to use the solution.

The cutting edge

A metal door and window manufacturer was enjoying a banner year through a contract with a leading home builder. To meet contract requirements, the manufacturer had to implement a system that would support online order management.

Through a phased approach implementing a fully integrated business management system, the manufacturer rolled out the functionality to support the online system in a matter of weeks. The rest of the system, including production and warehouse management, was fully online in a few short months.

A business management system that delivers

To remain competitive in today's world, metal distributors and processors have to improve production efficiencies and gain tighter control over costs. Generic, niche or legacy business management systems can't handle the level of detail and variability that your business requires.

While you face unique challenges, including materials with many attribute variations, volatile metal costs, extreme quality variance, tight margins and short lead times, there is a solution that can deliver.

RealSTEEL is the affordable business management system that supports the specialized requirements of the metals industry, building on the business intelligence and operations excellence of Microsoft Dynamics NAV. Fully integrated and easy-to-use, RealSTEEL shines with:

- Accurate costing, to the decimal, at the moment you need it
- A dispatch board your team will live by
- Inventory tracking and costing using multiple attributes
- A support team who understands your industry's processes and cares about your business

We work with metal fabricators and service centers, helping them get control of costs and improve production throughput. Just a few of the specialized requirements that RealSTEEL offers include:

- Inventory management at the dimension and attribute level
- Finance that includes unparalleled costing visibility
- Production that supports Bills of Materials by dimension and attribute
- Sales support that includes an attribute configurator
- Scrap metal management

To learn more about how RealSTEEL can help you build profits, please contact:

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