



## Buried Costs: The Critical Answers Roll Forming and Building Material Manufacturers Get Wrong with Disconnected Data

For **Roll Forming and Building Material Manufacturers**, accurately tracking the four pillars of cost—materials, labor, overhead and outside processing—continues to challenge profitability. Without accurate costs, making the fundamental decisions to drive the business forward are based on intuition rather than data. And, while there is plenty to be said for an experienced manager's intuition, more and more manufacturers in the sector see the importance of using data to make better decisions.

To improve the profits and long term potential of the business, you need to continually monitor performance and identify operational efficiencies. Throughout the Roll Forming and Building Material manufacturing process, there are variables that impact the cost of materials and labor. Without capturing the data that measures those variables accurately, managers can't confidently answer critical questions.

### **Are employees achieving their potential?**

You hire good people who care about the quality of their work. But are you giving them the tools to improve quality and increase productivity? Without collecting data across production, you can't:

- Make it easy for operators to attach variances to batches that will affect quality, weight and scrap.
- Expect operators to manage exceptions without interrupting production.
- Identify top performer practices so you can improve the productivity of all.

### **Are we allocating enough or too much overhead to each job?**

Allocation of overhead costs can make the difference in the profit or loss of a job as well as a line of business. If your business isn't tracking the inputs and outputs throughout the process, there are likely to be errors lurking in:

- Cost allocations for remnants.
- Schedules that could decrease machine downtime and increase employee productivity.
- The final cost of every job leaving the production line.



### **Do we have full insight and control of outsourced processing?**

Few manufacturers have the equipment to handle every aspect of every order—outside processors are a key part of delivering full service. The challenge is maintaining visibility inside and outside of your facility. Your business needs to proactively monitor and control the flow of outsourced jobs to:

- Manage schedules to include outsourced processing.
- Ensure quality control procedures on receipt of processed goods.
- Track and restrict materials returned from the subcontractor.

### **Should we be in this line of business?**

The most important question of all is whether a line of business is actually profitable. The sooner you can recognize that some orders should not be taken, the better for the business. Without data flowing across the business, you can't:

- Track margins on a line by line basis for every order.
- Identify products with pricing that has not increased to match rising material costs.
- Identify production lines that are consistently missing projections.

### **Information should not be a challenge**

Your business will always face challenges—from volatile metal costs, extreme quality variance and short lead times—but lack of information doesn't need to be one of them. There is a solution that can deliver.

RealSTEEL is the affordable ERP system that manages the specialized requirements of the metals industry, building on the business intelligence and operations excellence of Microsoft Dynamics NAV. Providing user-definable, multi-attribute levels of management for purchasing, producing, stocking, planning, inventory and selling, RealSTEEL gives you unprecedented insight into the costs of your business.

Take back control of the four pillars of cost—materials, labor, overhead and outside processing—in your Roll Forming and Building Material Manufacturing business. Get visibility into every step of production to make better decisions to drive the business forward.

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

**Kevin L. Ameche,**

Vice President Wolcott Group LLC

Mobile: 330.730.3666 or

Toll Free: 866-wolcott (965-2688)

**RealSTEEL™**

[www.realsteelsoftware.com](http://www.realsteelsoftware.com)