

THE RULES HAVE CHANGED:

How Metal Service Centers
Must Adapt to Survive



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Metal service centers once thrived as regional distribution hubs, bridging the complicated trade barriers between global suppliers and local manufacturers. Limited processing services—slitting, cutting and burning—increased margins without complicating operations.

Today, customers look for suppliers who provide more highly processed metal materials and products. The changing market is forcing metal service centers to provide additional value-added services like drilling, painting, bending and assembling. Which completely change the rules of the game.

The transformation from distributor to manufacturer

Providing more complex processing services drives fundamental changes in operations for metal service centers. Just like any manufacturing organization, materials and inventory flow through multiple processes, requiring complex materials management and production scheduling. Coordination of more resources—including machines, labor and outsourcing—requires more than spreadsheets and traditional distribution software can deliver. Metal service centers today need software that can optimize all of the variables—as well as the complex attributes of metal inventory.

In this eBook, we'll focus on new rules impacting your business and what you need from manufacturing software to survive. From materials variance to shop floor machine scheduling to loading trucks—read on to find out how you can play by the new rules and compete in the digital age.

Contents

Sales: Arm your sales team with complete, accurate data

Scheduling: Optimize workforce and machine productivity

Production: Streamline shop floor operations

Shipping: Build efficient truckloads

Finance: Achieve a unified view of operations

Reporting: Gain insight to control costs and optimize operations





SALES

Arm your sales team with complete, accurate data

While your sales team is used to dealing with multifaceted material variables, multi-stage processing adds a new level of complexity. Sales people must be able to quote job cost and timing to meet the customer's unique combination of requirements. You need a system that combines all the data—inventory, production, labor, outside processing—to create accurate quotes and promise dates on the fly.

New rules to build profits



- # 1 Provide immediate pricing and accurate promise dates.** Sales reps need to be able to enter customer requirements while the system automatically calculates production time and costs. Customers expect immediate answers.
- # 2 Build production schedules as orders are placed.** Connected data supports automated scheduling to optimize both inventory and production.
- # 3 Negotiate in real time.** To compete in the digital age, sales people need margin data at both the line item and order level to win profitable business.

Manufacturing software requirements

To give sales people accurate information, the manufacturing system must be continuously optimizing inventory and scheduling in the background. The software should:

- Automatically calculate nesting, costing and pricing at the line item level.
- Auto-calculate accurate production time and costs for processing, both internal and outsourced.
- Populate customer-specific information from pricing to shipping requirements.
- Create quotes and sales orders to be emailed directly from the system.



SCHEDULING

Optimize workforce and machine productivity

The challenge of optimizing the use of resources increases exponentially with the number of processes, machines and operators. Only automated scheduling can balance inventory requirements with machine and operator utilization—all while keeping production on track to meet promise dates.

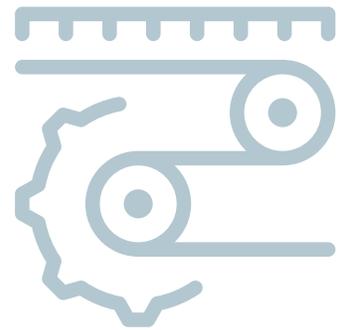


New rules to manage resources

1 Support dynamic production schedules that prioritize orders. Scheduling needs to ensure deadlines are met while optimizing inventory and production.

2 Match inventory to production needs. Reduce inventory costs with continuous, automated balancing of inventory and production.

3 Collect data on the shop floor. Operators should be able to enter actuals of each job—including material usage, quality issues and remnants—directly into the system from their station.



Manufacturing software requirements

To synchronize production resources and meet order commitments, manufacturing software should:

- Automatically calculate materials usage for each job, identifying shortages and drops available for other jobs.
- Identify when alternative resources, like outsourced processing, should be used.
- Make real-time scheduling adjustments in response to unexpected changes—from change orders to machine downtime.

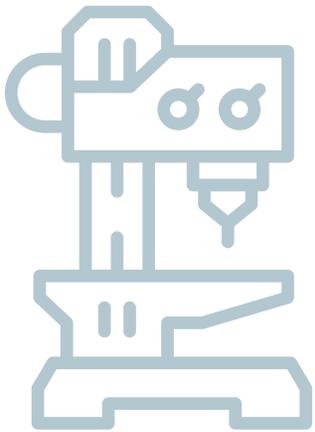


PRODUCTION

Streamline shop floor operations

Through shop floor MES (manufacturing execution systems), metal service centers can take more control of materials usage and machine capacity, reducing waste and costs. To handle more complex scheduling requirements, an MES system collects data from all aspects of production, providing tight control over every aspect of the shop floor.

New rules for efficient production



- # 1 Centralize data from sales through to shipping.** To ensure orders flow through production smoothly, data from every aspect of operations needs to be connected.
- # 2 Automate job routing to improve productivity.** Automation is the only way to optimize the complex matrix of materials and resources required to consistently produce orders within cost and on time.
- # 3 Provide continuous order visibility.** The status of every individual job should be instantly visible—even through outsourced processing.

Manufacturing software requirements

MES systems coordinate the activities of all manufacturing resources, including machines, people, tools and subcontractors. Through centralized operational data, and MES system can:

- Record actual production, scrap, sheers, break weights and determine additional cuts and material required due to scrap.
- Automatically route jobs through the production process, optimizing use of resources and allocating appropriate materials at each step.
- Manage outsourced processes, including materials, semi-finished products and finished goods.



SHIPPING

Build efficient truckloads while meeting customer requirements

Managing truckloads on paper lists or spreadsheets becomes untenable as volumes and production processes increase. Optimizing outbound shipping requires automated systems that can crunch the numbers and balance the variables of customer requirements, capacity and load placement.

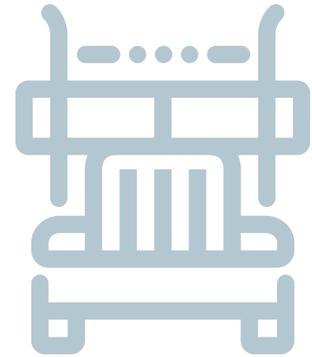


New rules to control shipping costs

1 Remember customer requirements. Customers shouldn't have to repeat their requirements every time they place an order.

2 Improve en-route efficiency. Coordinating deliveries and pickups reduce fuel and workforce costs.

3 Simplify with user-friendly visual displays. As complexity grows, dispatchers need an easy way to monitor and adjust shipments.



Manufacturing software requirements

A manufacturing system should assign the finished materials to a load, adjusting as factors change through production and finalizing when the job is complete. The system should manage:

- Customer requirements like acceptable delivery times and unloading capabilities that dictate skid weights, packaging and position on truck.
- En-route pickups from outside contractors and vendors plus staging of orders on the truck by stop.
- Visual indicators displaying route capacity still available in both weight and cubic space.



FINANCE

Achieve a unified view of operations

As more complex materials processing, like drilling, painting, bending and assembling, becomes critical to the profits of your business, the role of finance grows. Decision makers need to have full visibility into the four components of cost—materials, labor, overhead and outside processing—to improve operational efficiency, monitor product line profitability and identify changing market trends.

New rules to make data-driven decisions

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- # 1 Data must be connected.** Combine costs across production, including labor and equipment to provide accurate, timely costing.
 - # 2 Use KPIs to monitor performance.** Finance should be more than AR and AP. With centralized data, analysis tools can be used to monitor key KPIs across the business.
 - # 3 Track actual costs.** Data connected across the organization, can provide true costs—and profitability—on a line-by-line basis for every order.



Manufacturing software requirements

To gain the visibility into operations and profitability, data from all aspects of the business should lead back to finance. To get a unified view of operations, your software needs to:

- Combine costs across production, including labor and equipment to provide accurate, timely costing.
- Provide analysis tools to dig into data across departments, cost centers, product lines, regions and other customizable aspects.
- Track actual results against multiple budgets to manage cash flow effectively.



REPORTING

Gain insight to control costs and optimize operations

For metal service centers using outdated management systems, pulling together the information needed to make decisions is painful. Data is frustratingly inaccessible and separated in different systems. Modern, integrated manufacturing systems can unlock the data to provide management with more insight.



New rules to drive profitability

- # 1 Relevant data must be in the hands of managers.** The pace of business is faster today and managers need accurate, current data to make better informed decisions.
- # 2 Data, not intuition, drive profits.** The added complexity of processing services makes tracking profitability more difficult. Costs need to be tracked at the item level throughout production.
- # 3 Managers need analysis tools.** With more complete data and tools to dig down into the details, managers can act proactively to build profits.



Manufacturing software requirements

Reporting should provide real-time views into the business that help managers to respond to the inevitable changes on the production floor. To support rapid decision making, reporting should:

- Track margins on a line-by-line basis for every order.
- Reflect real-time events on the shop floor, including downtime operator errors and material problems.
- Include dashboards to deliver personalized information with relevant, easy-to-understand insight specific to the role.



ERP designed for the new age of materials processing

From planning, scheduling, purchasing and inventory management through production, quality control, sales and finance, RealSTEEL delivers enhanced functionality and benefits far beyond those in current ERP systems. Providing user-definable multi-attribute levels of management for functions such as purchasing, producing, stocking, planning, inventory and selling, **RealSTEEL gives you unprecedented control of your business.**

RealSTEEL is the affordable ERP system that **manages the specialized inventory and manufacturing requirements of the metals industry**, built 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
- **Digital workstations** that allow operators to enter actual materials usage, time spent and production variance in real time from the shop floor
- **A powerful shipping dispatch board** with drag-and-drop load balancing and cumulative tonnage reporting
- Inventory tracking and **costing using multiple attributes**
- **A support team who understands your industry's processes** and cares about your business

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

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