


ARCHERPOINT

by  Cherry Bekaert



eBook

It's 8am, Do You Know Where Your Inventory Is?

Take control of materials, inventory, and manufacturing costs from order to delivery

Do You Know Where Your Inventory Is?

As a manufacturer, you start every day thinking about where the inventory and the raw materials you need are located. How will you minimize inventory investment while maintaining customer service levels and avoiding stockouts?

The companies that are playing to win are using data to help them fine tune that balance. With full insight into the flow of materials and inventory up and down the supply chain, department managers can make better decisions. Control over manufacturing costs and cost variances, allow managers to plan production that minimizes COGS for all products to maximize profit. Through real-time, accurate information, department managers can put data to work when they know exactly what materials and inventory, they must work with and when they can expect replenishment. Those companies are building competitive edge through:

- System-based guidance in materials resource planning
- A fully integrated approach to purchasing
- Optimized warehouse management
- Full insight across the supply chain from cargo ship to customer signature
- Great customer service with accurate inventory information
- Collaboration with key customers on order status and delivery
- Best practice guidance from experts

In this eBook, we explain how better business management systems will help you join those manufacturers that are winning. For each topic, we'll provide an example to illustrate what the transformation can mean to your company.



“Getting the data is never the problem. Getting the data in a form that supports better decisions is always the challenge.”

Case in Point

A kitchen appliance manufacturer was cautiously entering a new geographic market, introducing a new line of appliances. While initial demand was modest, the line started to take off after being featured in a popular magazine. Sales forecasts were updated every week, and potential shortages loomed. The manufacturer's distributors were afraid to run out of stock and placed orders that were draining stock levels.

Based on system-guided MRP, the manufacturer was able to **quickly build realistic sales forecasts** based on purchasing trends. Excess production capacity was identified in one facility that may not have been considered without the system recommendations. With confidence in their data, managers were able to redirect resources quickly and meet demand.

System Based Guidance in Materials Resource Planning

As with most functions in the manufacturing process, the time horizons for MRP (Materials Resource Planning) have been compressed. Purchasing and production decisions need to be made quickly, based on fast-changing market drivers. Outdated ERP (Enterprise Resource Planning) systems that don't provide consolidated information to drive those decisions put the organization at a competitive disadvantage.

Integrated Data Supports Better, Faster Decisions

Through consolidated data from a unified ERP system, all of the factors that need to be considered for MRP are analyzed to recommend purchasing and production schedules. From supplier lead time to capacity constraints, a rule-based system that provides scenario-based recommendations allows managers to evaluate options for informed decisions. System-based MRP recommendations allow purchasing and production managers to include more factors in their decisions, such as:

- On-hand inventory and current forecasts.
- Open purchase orders, sales orders and work orders.
- Work and machine center capacity.
- Bills of materials and sub-assemblies dependencies.
- Order history and seasonality.

With system-based MRP guidance, managers have the data they need to adjust the balance between supply and demand to pivot quickly in response to changing needs.

A Fully Integrated Approach to Purchasing

Optimizing the purchasing processes in your organization will reduce material costs, minimize inventory levels and improve customer service. To achieve that optimization, purchasing managers need full visibility into supplier data as well as internal inventory and production status.

Insight Up and Down the Supply Chain

Through a fully integrated ERP solution, purchasing agents see up and down the supply chain to keep materials flowing just in time to accelerate production and order fulfillment. To extend the value of purchasing, automation that tracks backorders and drop ships will improve customer experiences and minimize manual intervention. A fully integrated purchasing approach will:

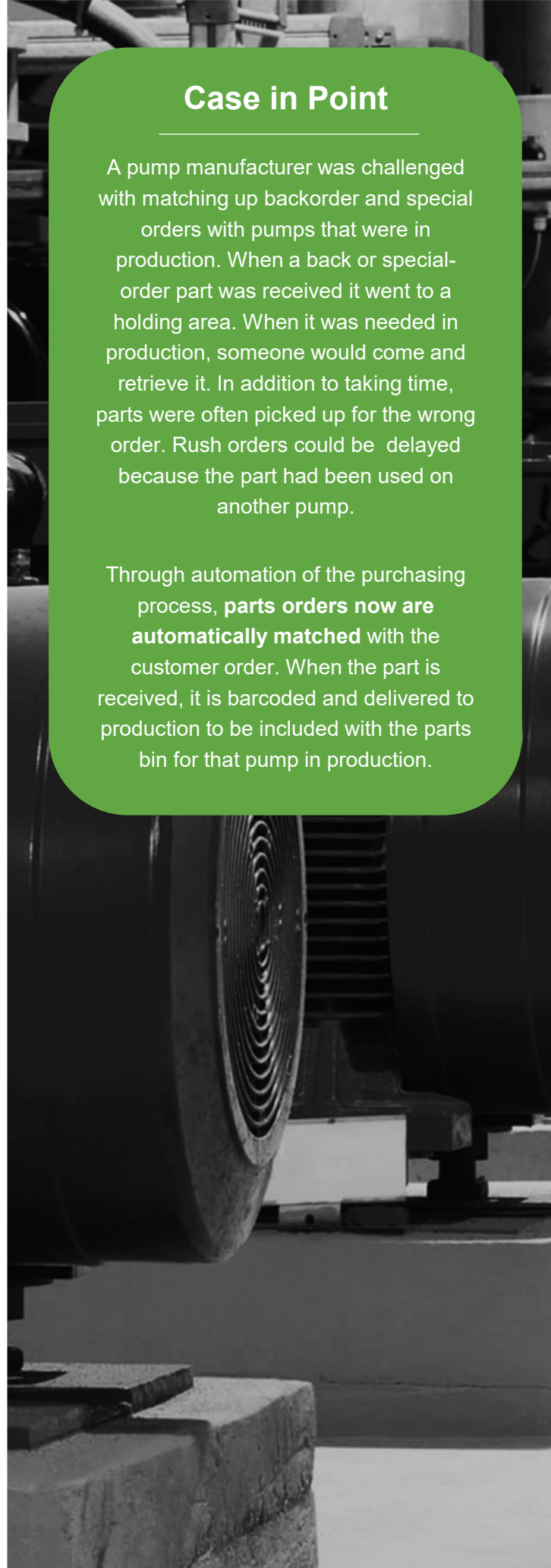
- Deliver order status information to sales reps so they can set customer expectations.
- Link backorders and special orders to the customer order for error-free fulfillment.
- Combine orders across departments and locations to maximize buying power.
- Monitor supplier quality, price, lead time and promotional/contract pricing to recommend the best vendor.

The purchasing process provides the foundation for every aspect of manufacturing operations. A fully integrated system that analyzes and optimizes data from price to delivery allows purchasing agents to make the most profitable decisions quickly.

Case in Point

A pump manufacturer was challenged with matching up backorder and special orders with pumps that were in production. When a back or special-order part was received it went to a holding area. When it was needed in production, someone would come and retrieve it. In addition to taking time, parts were often picked up for the wrong order. Rush orders could be delayed because the part had been used on another pump.

Through automation of the purchasing process, **parts orders now are automatically matched** with the customer order. When the part is received, it is barcoded and delivered to production to be included with the parts bin for that pump in production.



Case in Point

When a residential lighting manufacturer found success selling directly to homeowners through a specialty website, the shipping department was overwhelmed by the number of orders. In the past, they were accustomed to handling 100 orders of 50 light fixtures each on an average day. Suddenly they were faced with handling those 100 orders plus 250 individual orders of one or two fixtures each. Between picking and packing, the chaos was untenable.

Through a barcoding system, where labels were printed in the warehouse, the team was able to **handle the increased load** without hiring any additional workers.

Optimized Warehouse Management

To keep pace with global suppliers, manufacturers need to manage the warehouse more efficiently, picking orders and getting them out the door faster. In addition, inefficiency in the warehouse can have a serious impact on margins through wasted, lost and damaged stock.

Integrated Data Supports Better, Faster Decisions

A data driven warehouse management system simplifies the processes of receiving and sending orders, bringing order to complex warehouse operations. Better warehouse and logistics management support just-in-time inventory practices and efficient fulfillment through:

- Increased utilization of warehouse space, reducing spoiled and lost stock.
- Improved delivery reliability through barcoding and shipping automation.
- Reporting and data visualization that simplifies decisions for staff assignments, inventory placement and shipment management.
- Wireless support for inventory location, inbound shipping receipts and outbound shipping.

Companies that maximize the efficiency of receipt and shipment of goods, optimize warehouse space utilization and know the precise location of every item provide the customer service levels that can compete with global distributors.

Insight Across Supply Chain from Cargo Ship to Customer Signature

From the container ship to the warehouse, you need to know where inventory and assets are at every moment. Since each step in the manufacturing process is linked, identifying problems early allows you to act proactively – to find alternate materials, change production schedules or notify customers.

Visibility Up and Down the Supply Chain

To make and keep commitments to customers, manufacturing organizations need visibility into delivery schedules from suppliers and internal production progress. Integrated ERP and logistics management allows forward thinking organizations to:

- Monitor supplier shipments and transit time for accurate planning and consistent delivery performance.
- Capitalize on mobile technology to deliver information to field personnel.
- Promise accurate order shipment and delivery dates at the line-item level to customers based on current and future availability.

Manage drop shipments with confidence, monitoring vendor shipments to ensure customer satisfaction. With integrated communications across the organization and supply chain, manufacturers can quickly pivot to meet customer expectations.

Case in Point

As with many long-established companies, an auto parts manufacturer was getting by with an aging accounting solution, homegrown MRP and logistics software – all stand alone with no data integration. Without visibility into when raw materials were due in, the production schedule was constantly changing, leading to unnecessary downtime and expensive overtime. Salespeople couldn't answer customer delivery questions with any degree of certainty.

Through a fully integrated ERP system implementation, employees now use **one easy-to-understand system** to track all related data as items flow through the supply chain. Salespeople can access inventory and shipping information from their mobile phones to estimate delivery dates while they are in the office with the customer.



Case in Point

As a medical instrument company was preparing to acquire another manufacturer, they knew they would have to handle a 50% increase in sales order volume. Reviewing their processes, they found that order entry was currently taking twice as long as the industry standard. To answer customer questions about order history, inventory and ship times, reps had to access three different systems, sometimes having as many as nine screens open at one time.

Through an ERP system that integrated the order entry system with data across the supply chain, the salespeople were able to **complete most orders from one screen**, with extra details available through drill downs. The company was able to handle the additional orders after the acquisition with no increase in sales staff.

Great Customer Service With Accurate Inventory Information

Historically, the focus of inventory management has been on optimizing stock levels. With the growth of supply chain powerhouses like Amazon, customer expectations regardless of business to business or business to consumer have changed radically. Your customers expect sales and service reps to know exactly what inventory you have available, what is in production and when their order will ship.

Solution

The first step in taking a customer-driven approach to inventory management is to connect the silos of information across the organization. From purchasing through shipment, employees should be able to check on inventory and order status. Integrated ERP will allow you to:

- Use automated workflow to ensure that special orders and drop ships don't get lost.
- Put customer history, order status and inventory information in the hands of your employees – even in the field.
- Provide the correct answer to customer questions the first time and every time.

A fully integrated ERP system helps sales and operational employees add more value to customers and the company. With consolidated history and sales data, manufacturers recognize trends faster to respond to changes in the market quickly.

Collaboration with Key Customers on Order Status and Delivery

As retailers streamline their business by consolidating vendor relationships, it is more important than ever to stand out as a trusted trading partner. The ability to provide information such as advance ship notices to trading partners provides a competitive differentiator and builds loyalty.

Solution

Through data sharing with key customers, you can monitor inventory levels through POS data feeds to minimize lost sales from stock-outs. POS analytics provides insight to maximize sales and strengthen retailer relationships through:

- Proactive identification of sales trends to improve forecast accuracy.
- Building on market knowledge and purchase data to provide timely assortment recommendations.
- Reduce out-of-stocks and lost sales by shipping orders complete and on-time.

Minimize supply chain costs and disruption through accurate and responsive forecasting. To strengthen relationships with key customers, forward thinking manufacturers are proactively approaching customers to share the data that will streamline interactions and increase profits for both parties.

Case in Point

A small kitchen appliance manufacturer had supplied a big box chain with products for more than a decade. Through a close relationship with the chain's buyer, the manufacturer heard that another vendor was being considered for an exclusive supply contract.

Taking a bold, proactive approach, the manufacturer offered a new program to provide **weekly reports to the chain purchasing manager** for inventory on-hand, inventory turns and average inventory for each location. In addition, the manufacturer would provide quarterly promotions based on the chain's forecast sales. The big box chain responded to the manufacturer with an exclusive contract deal.





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Best Practice Guidance From Experts

As you evaluate ERP solutions that give you more control over materials, inventory and manufacturing costs, guidance from one who's been there will help you avoid expensive missteps. Look for a professional services team who takes a long-term view of working with your organization.

About ArcherPoint

Founded in 2002, ArcherPoint by Cherry Bekaert is a global Microsoft Dynamics ERP Solutions Partner, delivering modern workplace solutions including Microsoft Dynamics 365 Business Central, Dynamics NAV, Azure, Microsoft 365, and Power Platform across the US, Canada, Mexico, and Europe. Now backed by Cherry Bekaert, a leading CPA and advisory firm, ArcherPoint expands its capabilities beyond ERP to include strategic tax, audit, and advisory expertise. Our certified professionals design, implement, and support solutions for industries such as manufacturing, distribution, retail, logistics, and more—helping clients realize business value through comprehensive ERP, cloud, and advisory services that evolve with their needs.

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