

Abbatron LLC

Made2Manage® ERP

The Components for Success



A bell rings. "Another order has been processed for \$10,000," says a voice over the intercom. A smattering of applause and a few cheers can be heard throughout the facility, and the face of Skip Simmons, president of Abbatron LLC, a Meadville, Pa.-based manufacturer and supplier of electronic components, is lit up with a smile. "This is a brand new company with a long-standing reputation," he said. "It's the perfect combination."

Abbatron was formed in 2001 when its management team purchased the assets of the former HH Smith Company, whose electromechanical engineering founder, Herman H. Smith, built the company from scratch and helped it evolve into its current capabilities. Although HH Smith had a venerable, 50-year history of providing high-quality electronic components to more than 2000 customers across 42 countries, the company was not known for its customer service. By the time Abbatron was formed, the new leadership was faced with turning around a bankrupt company that had seen severe erosion of its market share and margins, primarily due to offshore competition. Moreover, the company needed to maintain its wavering customer base that had been dealing with poor on-time delivery performance for years—Abbatron was not going to get a second chance to make a first impression.

"We were in a make or break situation," said Simmons. "We decided it was business-critical that we select and implement an integrated business system that included ERP, customer service, bar coding, and cost accounting functionality in a very short period of time."

ABBATRON

ROI at a Glance:

Abbatron LLC, a designer, manufacturer and supplier of electronic components for industries such as medical, antenna, oil, telecom, computer, military, and test and measurement, achieved significant return on investment within the first year of using the Made2Manage system:

- Transformed a venerable but bankrupt HH Smith into a thriving and profitable Abbatron.
- Raised on-time delivery from 80 percent to 97 percent.
- Shrunk lead times by 30 percent.
- Reduced customer service costs while achieving a 90 percent customer retention rate post acquisition.
- Rationalized and recognized profitability of product offerings.
- Dramatically reduced data entry, paper trails, and administrative tasks.
- Doubled order backlog without adding staff.
- Eliminated product shortages.
- Reached system payback, based on savings in labor, office supplies, outsourced IT support, and postage alone, in 10 months.

Consona™

Hot Wired for a Fast-Track Implementation

And so, Simmons and his team began their search to replace a 1980s vintage IBM AS/400 system that had been modified to the point that it was nearly counterproductive. “Reports were available only as printed output in pre-defined formats. Data across the various parts of the business was not integrated, and we often found ourselves re-keying information into an Excel spreadsheet,” said Simmons.

The search ended in May 2002 when Simmons and his team of Abbatron employees and a local IT company, Intrac Systems (Erie, Pa.), selected the Made2Manage® Enterprise Business System and set an aggressive goal of implementing the system within two months.

“We committed to a short-track implementation and were successful,” said Simmons. “We followed the Consona implementation methodologies, from taking University training courses and executing conference room modeling to successfully loading data, including more than 60,000 product structures, 6,000 part numbers, and 20,000 routings, from our old system into the Made2Manage system.”

An Electrifying Turnaround

Live on Made2Manage in July 2002, Abbatron immediately began seeing the benefits. First, on-time delivery shot up from 80 percent to 97 percent. Second, visibility into job costs and product margins allowed management to immediately rationalize Abbatron's product offerings. Third, the combination of unprecedented data visibility, improved delivery performance, and a sound reputation for quality helped Abbatron to immediately differentiate itself from its predecessor company. In an industry where a 70 percent customer retention rate is typical post acquisition, Abbatron was able to keep more than 90 percent of its customers, with more trickling back every month.

The savings did not end there. Visibility into the activities taking place from the sales department all the way to the shop floor has helped Abbatron focus on business process improvement. Streamlined processes shrunk order lead times by more than 30 percent. Product shortages were virtually eliminated. Customized reports eradicated administrative tasks focused on data entry, counting, and searching through stacks of paper, and made way for more strategic positions throughout the company. Within the first seven months of using the system, the company saw its order backlog double without adding staff.

Simmons calculated, based on savings in labor, office supplies, outsourced IT support, and postage alone, that Abbatron was able to reach system payback within 10 months. “When you compare Abbatron to the former HH Smith, you’ll see five fewer employees in a company that has returned to profitability from bankruptcy and continues to grow every day,” he said. “That’s why we have the bell—it reminds us that we’re succeeding.”

But as Simmons, who hosts monthly company-wide contests based on key business metrics, will attest, Abbatron is far from finished. “My team and I wouldn’t have selected the Made2Manage system if we didn’t see the long-term benefits,” Simmons added. “We chose a system that will grow with our company.”

Abbatron continues to look to Made2Manage to innovate its business through technology. The company plans to purchase a combination of Made2Manage Supply Chain Management tools to synchronize, schedule and plan shop floor activities. Simmons and team also are interested in the Made2Manage enterprise portal, M2M VIP, which will help them link to their supply chain via the Web 24/7.

“Our goal is to be the easiest company to do business with, and the Made2Manage system is an integral component in helping us achieve that goal.”

— Skip Simmons
President
Abbatron LLC



About Consona ERP

Consona Corporation is a worldwide leader in providing customer relationship management (CRM) and enterprise resource planning (ERP) software and services for companies of all sizes. Consona serves more than 4,500 customers worldwide and across a variety of industries.

Plugging In to Continuous Improvement

In an industry suffering from increased commoditization, lowered pricing, offshore competition, and decreased component quality due to limited warranties and shorter product lifecycles, Abbatron is looking for new opportunities. In a make-to-stock operation serving the medical equipment, telecom, military, and OEM electronic equipment industries, Abbatron is looking to further narrow its product offerings and increase its focus on high-quality, make-to-order products through its differentiating ability to customize work—via precision machine turning and strict quality standard adherence—on a ‘same as, except’ basis. “In a shop equipped to do precision machine turning, metal stamping, dying, over-molding, and various styles of component and cable assembly, we are poised to capitalize on new markets through custom product innovation,” said Phyllis Lord, Abbatron’s sales and marketing manager. “Made2Manage gives us access to the data we need to make critical business decisions about our products and processes now and in the future.”

Moreover, Kris Gamble, Abbatron’s operations manager, is using Made2Manage Enterprise Resource Planning (M2M ERP) to phase in new processes every month. As she implements the first of many lean manufacturing principles, including visual workflow and plant layout, she is supported by the Made2Manage application, through which she manages inventory, materials purchasing, bills of material, routings, work in process, job orders, receiving, labor input, and shipping every day.

Celebrating a Transformation

In June 2004, Abbatron received Made2Manage Systems’ annual Transformation Award at the company’s premier customer conference, M2M Connect, in Las Vegas. The award recognizes a new Made2Manage Systems customer that has been able to reach the Made2Manage Time2Value return on investment phase quickly, as well as demonstrate dramatic business achievements through the utilization of Made2Manage enterprise software. After literally transforming a venerable but bankrupt HH Smith into a thriving and profitable Abbatron within his first year of using the Made2Manage system, Simmons was pleased with the timeliness of the award. “Our goal is to be the easiest company to do business with,” said Simmons, “and the Made2Manage system is an integral component in helping us achieve that goal.”

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