

Girtz Industries

Made2Manage® ERP

The Made2Manage Enterprise Business System Helps Fabrication Firm Reduce Costs



Girtz Industries in Monticello, IN, builds sheet metal enclosures for companies all over the world. Although they tracked labor costs, the company had difficulty tracking important details about work-in-process. Girtz realized that they had to do something about their antiquated shop floor software. The company was growing, and they knew they had to get a better handle on shop floor production data. In 1999, they installed and started up the Made2Manage ERP system. Now that they know what products actually cost, Girtz can price their enclosures more competitively.

Girtz Industries has been growing steadily since 1996, when their sales were \$3 million a year. They grew by nearly 50 percent in 1997, then doubled to \$8.6 million in 1998, and increased to \$12.3 million in 1999.

Much of their work is for companies that make power generation equipment, such as diesel and natural-gas-powered engines that drive electrical generators. Girtz builds sheet metal enclosures to house the equipment in these power systems. The market for power generation equipment has soared in the past few years, and Girtz has grown with it. Unfortunately, this rapid growth was playing havoc with their old software package.

"For the past seven years, we had been using another business system," says Tom Eden, plant manager. "We've known all along that the software had to be upgraded, but we kept putting it off."

They saw the software's shortcomings five years ago. "Our sales manager made the comment that we didn't have any tool that showed us how many hours we had booked," says Eden. "We didn't have a button we could push that would show us where our bottlenecks were and where we were overloaded."

Eden started looking at other problems and realized that the company couldn't track labor costs either—or generate accurate parts lists or bills of materials. "Some of our enclosures have 130 to 150 different components," explains Eden. "Although they look similar and use many of the same parts, many enclosures are quite different. We simply didn't have time to track details and generate a bill of material up-front."

Because Girtz would start a project without a complete bill of materials and couldn't track labor costs, it never really knew how much the products cost them to make. The old software had to go.

In With the New

Girtz began its implementation in January 1999 when it purchased Made2Manage. It followed a slow, steady implementation path. "We had people from each department meet once a week to go over a 'hit list' of things to accomplish," recalls Eden. "We sent people to classes to learn fundamentals of the business system and how to run the software."

Girtz chose to use almost everything in the Made2Manage business system package except e-commerce functions. This included planning and scheduling, AutoCAD interface, bar coding, payroll, quality management, and reporting functions. Girtz had been using bar code data collection for several years, but never really took advantage of it with the old system. Because bar coding was already in place, the Made2Manage Enterprise Business System implementation in August of 1999 was relatively easy.

Tracking Costs

One of the first problems that the new business system solved was job costing. "The Made2Manage Enterprise Business System gives us the ability to generate an indented cost of building material for every product we build," says Eden. "We use that data to determine where our costs are. We can run reports that show us the cost variance of actual vs. estimate. It breaks costs down into material, labor, overhead, and subcontracting."

Probably the biggest benefit, according to Eden, is that the company can now do accurate quotes for customers. The indented cost of building a product, plus very accurate bills of materials on all products, shows what the exact cost will be for each enclosure.

Girtz continues to fine-tune its manufacturing process, identify bottlenecks, and schedule accordingly. "The Made2Manage scheduling package shows where we have bottlenecks," says Eden. "We run a cumulative work schedule once a week, and it shows us where our workload is and how many hours are booked at every work center."

Because the system tracks bar code data, it knows how many hours were booked at every work center the previous week and how many hours were actually turned in. It can determine how many people are needed to get the work done based on current efficiency in each work center.

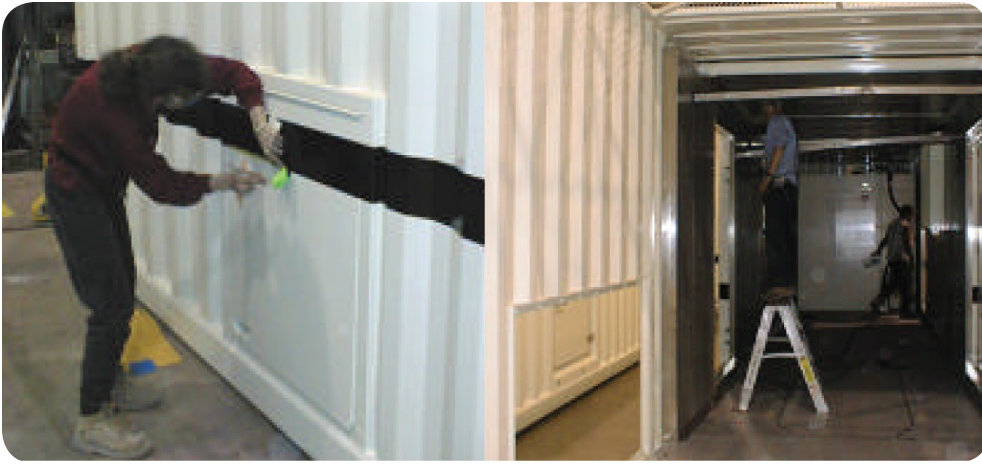
The bill of material for each enclosure is now accurate. "We know all the components in each enclosure now," says Eden, "and we know exactly what we are going to build before we start."

The Made2Manage Business System lets Eden run "Sorts"

The Made2Manage System allows Eden to run "Sorts" on parts reports, so they can analyze their components better and look for economies and identify misfits. Previously, some customers complained that certain parts were very similar to each other, but varied widely in cost, and they wanted to know why they were being charged so much.

“With the Made2Manage business system, we are pricing our products accurately, shipping them on time, and building them with the highest quality.”

— *Tom Eden*
Plant Manager
Girtz Industries



"We've been able to homogenize our parts and components, and we've made many adjustments in prices," says Eden. "We are now setting good, accurate prices for many parts."

In at least one case, adjusting prices kept a customer. Eden says they were able to drop the cost of one electrical enclosure product by 30 percent, just by looking at reports on product variances. "We went back to our customer and told them we were dropping the price," he says. "We were just in time, too, because they had already begun discussions with another supplier who was closer to them and had quoted a lower price."

Quality and On-Time Deliveries Improve

To Girtz, the three most important elements in their business are competitive pricing, quality products, and on-time delivery—and the Made2Manage Enterprise Business System has helped in all three areas. Pricing was helped by getting a better handle on labor and material costs; Eden estimates that they've seen a whopping 50 percent increase in their ability to maintain accurate job costs and set accurate prices.

If any product is returned, it is immediately entered into Made2Manage business system. The software tracks who sent it back, the date it was made, the part number and the problem. "Our QC people examine the data, determine the root cause and corrective action needed, and then we send a report to our customer telling them what we did to fix the problem," says Eden. "We are now ISO 9001-certified. ISO auditors checked out our Made2Manage business system, and they love it because it tracks everything they want us to track."

On-time deliveries have also improved because the scheduling and work center loading determined by the Made2Manage Enterprise Business System ensures that products flow through manufacturing on time, so they get shipped on time.

Finally, Girtz is in control again. "If you don't have accurate cost data, it's scary to lower the selling price," says Eden. "And if you set a price because that's the price the customer wants to pay, that's even scarier. With the Made2Manage business system, we are pricing our products accurately, shipping them on time, and building them with the highest quality."

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.

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